

SMALL BUSINESS
ADVISORY COMMITTEE
ON VETERANS BUSINESS AFFAIRS

Tuesday, February 10, 2009

9:07 a.m.

Small Business Administration
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1 P R O C E E D I N G S

2 MR. ADAMS: So that everybody knows, we are
3 now being recorded. I didn't mean you had to stop.
4 Everybody was --

5 (Discussion among participants.)

6 MR. ADAMS: Let me start with the old and
7 then new members. We have -- historically we've hired
8 a court reporter to come in and record sessions, and it
9 would cost us a significant amount of money that right
10 now we simply don't have. Shirley on my staff realized
11 that we can record the entire session on what we call
12 Ready Talk and get a transcript from that, so that is
13 what has happened. So it's now live.

14 With that I'll throw it to Louis.

15 MR. CELLI: Thank you. Good morning,
16 welcome. We're going to go around the room and just do
17 a quick roll call in a second. It's 9:07 a.m. Again
18 we are being recorded. Everything that we do in this
19 committee is technically on the record and provided for
20 historical value on the archives website. So
21 eventually our minutes will be posted to our website
22 and you'll be able to look them up.

1 Having said that there are times that we want
2 to have discussions that are off line that are
3 either -- not private, nothing is private, but it's not
4 productive for the meeting, it's not productive for the
5 meeting rather, and then we'll just put it on mute for
6 those purposes. And we'll let you know if we're going
7 off record for a few minutes, and we're on mute, and
8 then come back on. More likely the whole lunch, so
9 things like that.

10 So what we'll do is we'll go around the room
11 and everybody -- we'll do a roll call. We'll do
12 introductions later. I have everyone's bio that I
13 would like to read just a little bit about each of the
14 new members as we go along. Then what we'll do is
15 we'll talk a little bit about the committee, how we
16 were formed, where we came from, and then we'll get
17 right into our agenda.

18 MR. ADAMS: So one other point, facilities.
19 Coffee is in there. If you need the restrooms they're
20 through the door, through the double glass doors,
21 ladies to the left and men to the right. If you drink
22 enough coffee, yeah -- and just use my pass because our

1 security is so good you'll never get back in here. So
2 if you need to go to use the facilities or anything
3 else just grab my pass and use it.

4 MR. CELLI: Thanks, Paul. For the sake of
5 logistics -- and one last thing, when you speak the
6 recording does not know who you are, so later on when
7 we go to transcribe the recording it will be helpful if
8 you announce yourself even if, you know, you spoke five
9 minutes earlier, especially the gentlemen, because
10 there are so many of us that it's going to be difficult
11 to say who was that who was saying that. So please,
12 you know, say your name and then your statement.

13 So if we could start with Ron Miller and then
14 just go around the horseshoe. Thank you.

15 MR. MILLER: Ron Miller, Jonesboro, Arkansas.

16 MR. VARGAS: Felix Vargas, Pasco, Washington.

17 MR. MANCINI: Frank Mancini, Los Angeles,
18 California.

19 MR. GARCIA: John Garcia, Santa Fe, New
20 Mexico.

21 MR. JENKINS: Bill Jenkins, SBA.

22 MR. LINSKOTT: Jeffrey Linscott, Oring, Oregon

1 (phonetic).

2 MR. ELMORE: Bill Elmore, SBA.

3 MR. ADAMS: Paul Adams, Henderson, Nevada.

4 MR. SHELLEY: Louis Shelley, Boston, Mass.

5 MR. SHAQUIN: Jason Shaquin (phonetic),

6 (inaudible) South Dakota.

7 MS. LYNCH: Courtney Lynch, Fairfax,

8 Virginia.

9 MR. HEAVEY: Patrick Heavey, St. Louis,

10 Missouri.

11 MR. WHITE: Steve White, New Hampshire and

12 New York.

13 MR. CELLI: Excellent. We have some guests,

14 if the guests would like start over here.

15 MR. HADANYA: My name is Rufus Hadanya

16 (phonetic). I'm a member of the American GI Forum and

17 I'm also a member of the Vet Force and a new member to

18 the VA's advisory committee on minority veterans.

19 MR. WYNN: Good morning. I'm Joe Wynn. I'm

20 with the Veteran's Entrepreneurship Task Force. I'm

21 also a member of the National Association for Black

22 Veterans. I'm pleased to be here this morning.

1 MR. MINGEY: I'm Jim Mingey. I'm the CEO of
2 the National Veteran's Business Development Program.

3 MR. CELLI: And did we miss one gentleman?
4 You came in after --

5 MR. HOLDER: Lloyd Holder (phonetic) and I
6 work for Secretary Garcia as the veteran's business
7 development director for New Mexico.

8 MR. CELLI: Thank you. And our guest in the
9 back?

10 MS. POWER: I'm Nolena Pollard (phonetic) and
11 I'm with the Center for (inaudible).

12 MR. CELLI: Excellent. Thank you so very
13 much.

14 What I would really like to do is just to
15 welcome everyone, especially our new members. We have
16 two members who are on their way and we can introduce
17 them when they get here, Mr. Joseph Sharpe, the deputy
18 director of economics for the American Legion, and Mr.
19 Mark Roth who is a business owner out of North
20 Carolina, and his flight was just a little bit delayed
21 and he expects to be here about 11:00.

22 So with that we've all received, especially

1 the new members, information on our committee. We have
2 a robust committee and a lot of new members. Our
3 committee was established in 1999 through Public Law
4 10650, which started many programs, and we are just one
5 of them.

6 Our original charter had a sunset clause,
7 which required that we in essence deactivate as a
8 federally chartered committee four years after 1999 and
9 then be re-designated as an ivory committee to the
10 Veterans Corporation. That never happened, and
11 ultimately we ended up through Public Law 110-186 being
12 re-chartered into a permanent committee currently under
13 the Small Business Administration.

14 So this is where we live and this is where
15 this committee will reside until Congress sees no
16 further use for it, which I don't anticipate happening
17 any time in the near future.

18 So with that I would like to introduce the
19 office and the gentleman who is responsible for running
20 that office that this committee basically is under.
21 You know, we are under the office of Veterans Business
22 Development, and although our charter dictates that we

1 report directly to Congress, the President of the
2 United States and the Administrator of the SBA, we are
3 not a full-time -- we do not have full-time capacity.
4 We don't have anybody that works on a full-time basis
5 doing the work of this committee. We're all
6 volunteers, we're all non-paid, we all do this on our
7 own dime and our own time. So with that we need a
8 full-time office that is able to direct and support our
9 efforts at all times.

10 So we are -- we are the advocate's voice for
11 the Office of Veterans Business Development and Mr.
12 Bill Elmore, and I would like to introduce Mr. William
13 Elmore, the associate director for Veterans Business
14 Development.

15 Before I do I would just like to recognize
16 Mr. Joe Sharpe who has just arrived for roll call
17 purposes. Please introduce yourself real quick and
18 then we'll get going.

19 MR. SHARPE: Joe Sharpe, deputy director of
20 economics for the American Legion.

21 MR. CELLI: Thank you. Mr. Elmore?

22 MR. ELMORE: Okay. Thank you, Mr. Chairman.

1 Joe, by the way, we're being recorded live on what's
2 called Ready Talk so we'll all be on the record.

3 Do you want to do the other guests or do you
4 want me to start?

5 MR. CELLI: Yes, briefly just --

6 MR. ELMORE: If you all would introduce
7 yourself.

8 MR. PANERAS: Victor Paneras (phonetic).

9 MR. BAILEY: Chris Bailey (phonetic).

10 MR. BOWER: Charles Bower of (inaudible)
11 Incorporated.

12 MS. WOODS: Natalie Woods with (inaudible),
13 California (inaudible).

14 A PARTICIPANT: I'm Juan Carlos (inaudible).

15 MR. ELMORE: Thank you. Louis touched on it,
16 first off I want to thank especially all the new
17 members and the old members who continue to serve us.
18 For the people who have been a member of this committee
19 before, we essentially have the new membership is half
20 of the body. As you look around the table one of the
21 things I'm really happy about is there's a couple of
22 people older than me. Now what that really means is I

1 think we have brought really significant experience,
2 not just in business ownership for veterans but also
3 how to enable business ownership for veterans. So I'm
4 really pleased that those of you who were asked if you
5 would join this committee and you accepted, thank you.

6 I'm grateful for the last administration
7 bluntly for allowing me to play a role in helping to
8 select some of the new members. So for that thank
9 them.

10 Pat Mackrell is not here yet I note. There
11 is one other gentleman in addition to Mark Roth that's
12 not here yet and that's Pat Mackrell from New York. He
13 is the director of the New York Business Development
14 Corporation.

15 The experience around this table I think is
16 going to be really critically important for not just me
17 as an associate administrator, but for the SBA. As
18 Anna said -- Joe you missed it. Anna Mott who is our
19 new chief of staff had a few minutes with us earlier
20 this morning. Nobody knows what Congress is going to
21 create and nobody is really entirely clear what the new
22 administration is going to create.

1 We don't have an administrator yet, so we're
2 still operating a little bit in limbo. We're still
3 operating with people in acting positions, including an
4 acting administrator, and we're still operating almost
5 on hold until the new administration settles in, gives
6 us our marching orders, and we begin to move.

7 I think it's clear that Congress is going to
8 take at least steps to build out SBA's lending
9 portfolio, at least in my readings and what I've seen
10 on the House and Senate stimulus side, anywhere from
11 400 to \$700 million in new lending programs coming out
12 of SBA. So I think clearly something is going to
13 happen there.

14 As kind of a history buff I've gone back and
15 looked at what SBA used to do in lending, including for
16 veterans, and I expect that some of that may come
17 revisit us again. The reason I wanted to mention that
18 is that I think how we engage, and when I say we I mean
19 all of us, not just me inside the agency, how we engage
20 in trying to, one, make sure that the administration
21 recognizes veterans as an important part of whatever
22 initiatives are to come, and two the role that we can

1 play in trying to help shape that to make sure that it
2 makes sense not just to our lending partners but also
3 to our customer, veterans, disabled veterans,
4 reservists, transitioning service members and their
5 families.

6 So I really think that your input, your
7 experience, the programs and processes and policies
8 that some of you already operate, and manage, and
9 deliver to this community are going to be critically
10 important. As I used to say when the committee was
11 first created you're going to fly high cover for me. I
12 expect you may fly higher than I will, and that's fine.

13 Let me give those of you that are new to the
14 committee a little bit of an overview of SBA and where
15 my office fits in SBA. SBA -- and I like to do this
16 with some of my presentations. If you think of the
17 entrepreneur world as an SBA market there's about 26,
18 27 million entrepreneurs in America. That's what most
19 of the research shows. As an agency we have about
20 2,100 employees, so it's just about impossible for us
21 to really engage that community other than through a
22 series of third parties.

1 We do have 68 district offices. I know this
2 is redundant for some of you but I think it's important
3 to know this stuff. We have 68 district offices and
4 each of those offices has a veteran's business
5 development officer assigned to it. I described him as
6 the starting point for any veteran or reservist looking
7 for information or assistance from SBA.

8 Those of you who are out in the field know
9 that some of those VBDOs are wonderful, some are really
10 good, some are okay, and my guess is there's a few of
11 them that aren't even sure that they are. That's kind
12 of the nature of having a small system with a big
13 mission.

14 We also have about 1,500 partners, and I
15 think some of you work with some of them now. About
16 1,000 small business development centers, 113 women's
17 business centers, about 400 score chapters with almost
18 11,000 volunteers, and also some pretty robust on line.

19 Now those programs are in one of the three primary
20 areas for SBA, and that's called entrepreneurial
21 development.

22 So business counseling, business training,

1 sort of think of it as the small business hand holding
2 element, perhaps the sorts of things that your center
3 in New Mexico does, helping people navigate systems and
4 understand what kind of decisions they need to make and
5 hopefully make the right decisions, that's what ED
6 does.

7 Second and perhaps biggest and most important
8 part at least internally of SBA is our loan program.
9 We have what's described as a series of loans, almost
10 all of them through third parties at this point. It
11 starts with our micro loan program, which has not been
12 very robust over the last few years but the new
13 administration in their discussions that I've seen and
14 in the things that I've read the micro loan program
15 looks like it's going to be strengthened.

16 One of the things SBA has done is we actually
17 included veterans as one of the target groups in micro
18 loans. Now that's different from when the program
19 (inaudible), but it hasn't turned into anything
20 magical. Veterans are still not receiving I don't
21 think the level of services that they should through
22 the micro loan program. So I invite you to take a look

1 at that.

2 Our primary lending program is what's called
3 7A. Each year, at least up until the economy going
4 South this last six months to a year, each year we were
5 guaranteeing about 1.1 to \$1.3 billion in small
6 business loans to veterans. That number has dropped
7 off some. I don't have a number where we're at this
8 year, but part of the 7A loan portfolio is to pay for
9 the express loan program, which is targeted to the
10 military community and we will get into that in more
11 detail later. We'll have somebody from our capitol
12 programs before you later this morning.

13 Above that is what's called a 504 loan
14 program and we deliver those primarily through local
15 community development corporations. In St. Louis where
16 Mr. Healy is from it would be the St. Louis County
17 Economic Development Council, not a loan guarantee
18 program but SBA sort of takes a third seat in local
19 lending that primarily goes to construction
20 infrastructure, buildings, facilities, those kinds of
21 things. So that's community development corporation.

22 The fourth area that we've never really

1 gotten into with this committee is the Small Business
2 Investment Corporation program. That's essentially
3 directly or indirectly about half of America's venture
4 capital world. It was either started through or is now
5 supported by the SBIC program here at SBA. I think
6 it's fertile ground to look to, but I don't think we're
7 going to produce any miracle there in the short run.

8 I can also tell you in the stimulus packages
9 that I've seen there is discussion in that legislation
10 about a secondary market loan guarantee program. I'm
11 not sure I understand that yet, but I have had
12 discussions with a couple of you that if for example
13 veteran's loans that SBA guarantees are bundled
14 together, and they could be and this is just an idea
15 for you to consider, if they're bundled together and
16 sold into the secondary market as veteran's loans does
17 it make sense, is it rational for a secondary market
18 program that provides guarantees focus on veterans. I
19 don't know. But if it does somebody is going to be
20 making money off of those transactions and I would
21 suggest that perhaps a really learned, serious approach
22 to that might turn into cash flow to support services

1 for veterans if we can figure out how to present to the
2 administration a concept, an idea, a viable one that
3 perhaps makes sense and whatever this new and next set
4 of initiatives is going to be from Congress and from
5 the administration.

6 Now there's other elements in the loan
7 program, surety bonding, international trade, those
8 kind of things. I won't get into those, but just like
9 patriot express we have other hybrid 7A loans. There's
10 a rural express. There's a new green loan. I've got
11 some brochures over on the table about that. So we're
12 going to continue to come up with sort of different
13 versions of the 7A, which is the primary loan product.

14 The third part of SBA, and we'll have a
15 presentation tomorrow from our office of government
16 contracting and business development, is the part of
17 the agency that works with various government
18 contracting and procurement goal programs. Some of
19 those are stronger and more robust than others and it's
20 a source of significant criticism of SBA.

21 In that portfolio includes the 8A program,
22 which is not a procurement program, it's actually a

1 business development program, women owned small
2 business, HUD zone, service to disabled veteran owned
3 small business, small disadvantaged business, and three
4 or four other elements that play through that including
5 size standards, office of hearings and appeals, policy
6 and a couple of other things that I won't get into a
7 lot of detail that has to do with transfer of
8 technology and technologically based equipment and some
9 research that the federal government and a number of
10 agencies have to put a certain percentage of their
11 research dollars as having targeted to small
12 businesses.

13 Obviously the area most of interest to us is
14 the service to disabled veterans small business
15 program, procurement program. It's all preliminary,
16 I'm not even allowed to release the data that I have,
17 but I can tell you that preliminarily, you know, it
18 looks like we got very close to about 1.5 percent in
19 the service to disabled veteran procurement goal. Now
20 1.5 percent is not 3 percent and we all know that.
21 There's a few things I will touch on in a minute as I
22 come back to that.

1 Be aware that veterans and disabled veterans
2 participate in all of our procurement programs, but
3 those other programs like women owned business for
4 example that if you're not a woman veteran the
5 likelihood you're going to get into that program is
6 pretty minimal. But veterans participate in all of
7 those, so I think all of those programs are open to
8 scrutiny, open to considered approaches to how we
9 enhance their usability as well for veterans and for
10 service to disabled veterans.

11 Let me talk about my office a little bit.
12 The mission, lots of things to do. I've said it
13 before, lack of what I think is adequate resources to
14 do the job properly. We fund for example five
15 veteran's business outreach centers. Now do I think
16 there should be 15 to 100 veteran business centers
17 around the country? Yes, I do. I think the market
18 requires it, I think it makes sense to do it, and I
19 think it would be economically rational. I intend to
20 make this spiel and this pitch to my new administrator
21 when she gets here. I have made it to the last three
22 or four administrators so far unsuccessfully.

1 You know, that's an area that you have
2 interest in and I can touch on this. As I look around
3 the table I fund five centers now. The Veteran's
4 Corporation provides funds for three centers. The
5 State of New Mexico has created their own veteran's
6 business center. There's some folks up in the Twin
7 Cities, Minneapolis/St. Paul that have created a
8 veteran's business center. There's other pockets of
9 activity like El Paso, Ohio, and other parts of the
10 country where groups are coming together to do what
11 they can to support themselves.

12 So I think the idea of growing essentially a
13 stand alone series of veteran's business centers, low
14 overhead, high coordination, maximizing usability of
15 everything that's available to an entrepreneur and
16 making sure that people in those centers speak the
17 veteran's language is the one best thing government can
18 do, but I've thought that now for almost nine years in
19 this town and I haven't been able to make the sales
20 yet. So if that's an area that you all want to get
21 into and explore, consider, promote, and help me push I
22 will welcome it.

1 Also in -- since 2001 based on funding to my
2 office, and by the way -- and when Dick Schneider gets
3 here, my deputy, we'll get into some of the funding
4 side of the house, how that works, how we go through
5 the process to get what we get and what we don't get,
6 but he had a family medical thing he had to deal with
7 this morning, so he'll be in a little later. One of
8 the things we have done is we've provided small grants
9 to district offices -- New Mexico comes to mind, St.
10 Louis comes to mind, a number of other district
11 offices -- where we've let the district office put a
12 plan together and we provide them funds to engage tens
13 and sometimes hundreds of partners, like New Mexico you
14 get 60, 80 groups to participate, that I think have
15 been really effective in engaging the veteran
16 community, bringing them into touch not only with SBA
17 but everything else that's available.

18 I think it's been highly effective and the
19 cost has been in the range of \$1.50 per veteran that
20 we've reached. I don't think you can match this
21 anywhere in government, but at the same time it's
22 beholden in my budget. When we get into the budget

1 later we'll get into more detail the continuing
2 resolution that my office is running on right now, it
3 started October 1 and runs into March, I received an
4 allocation of \$6,400 this year. Now am I embarrassed
5 to say that? Yeah. But you know what, I'm tired of
6 doing everything with nothing. So I'm not afraid to
7 share that information and if sooner or later it gets
8 me in trouble, well, bring it on.

9 But anyway, I think the district (inaudible)
10 outreach and the initiative has been really important,
11 it's been helpful, and the district offices like it as
12 well. If you want to get into more detail about that
13 in your works we can do that.

14 There's a number of other things that my
15 office does, including Billy Jenkins who is the one man
16 gang to solve disabled veteran's procurement in the
17 federal sector. He counseled 1,700 and some odd
18 service-disabled veterans himself last year, handled
19 more than 6,000 e-mails and provided training to a
20 number of federal agencies and a number of subsets of
21 federal agencies. So if you want to hear from Billy on
22 what it is we do in support of the disabled veteran

1 procurement program we'll give him a little time to do
2 that. Suffice to say we know he's not enough, as good
3 as he is, so we're developing some strategies and some
4 goals in my office right now on how to try to grow that
5 part of my office. We'll see because SBA is under a
6 very tight cap and if Congress doesn't provide
7 additional funds to the agency we can't hire additional
8 people. It's as simple as that.

9 Those of you who know me know that we do a
10 lot of work inside the agency. So our small business
11 development center program for example every year,
12 every two years I have an opportunity to influence the
13 agreement that SBA enters into with those out in the
14 small business development centers. So the growth of
15 veteran's activity, the growth of reserve and guard
16 activity, the growth of outreach, the growth of the
17 veteran entrepreneur training program I think to some
18 degree is attributable to the work that we've done in a
19 cooperative way with our small business development
20 office.

21 We do that kind of work with our surety bond
22 office, with our score office, with our 7A loan program

1 office, and with our government contracting and
2 business development office, including their field
3 resources, but it's still not enough. We still have
4 parts of the agency that we haven't had significant
5 influence over and I'm going to continue to work to try
6 to do that.

7 Now we also do a lot of work outside of the
8 office with Department of Defense, Department of Labor,
9 Department of Veterans Affairs, and to a lesser degree
10 other agencies and organizations like the National
11 Committee for Employer Support, the Guard, and Reserve
12 and others. I was asked last week for example to make
13 a presentation to a senior leadership conference for
14 the Air Force Reserve. So I had 400 generals, master
15 sergeants and so on in the room and it was an
16 opportunity -- for example what we offer, how we offer
17 it, and what it is they can utilize for their advantage
18 and to their service member's and family's advantage.

19 So we do a lot of that kind of work as well,
20 where we're just trying to spread the word, trying to
21 inform people about what's available. Probably the one
22 thing, and Joe Sharp and I have talked about this just

1 a little bit, I was appointed to the Yellow Ribbon
2 Reintegration Program Advisory Board at the Department
3 of Defense. Nobody really knows exactly what's going
4 to happen there yet, including them, but I think it may
5 turn into a historical opportunity to ensure that
6 entrepreneurship is built into the transition process
7 that the Department of Defense is inventing right now,
8 because this is their first time I think historically
9 to really try to engage with service members, family
10 members before they're activated, after they're
11 activated, when they come home. That's for reserve and
12 guard and for veterans and disabled veterans as well.

13 So far that system is mostly operating inside
14 DOD in cooperation with state governments. John, I
15 would be interested in your engagement, with your ideas
16 in general for example and whether or not they're
17 inviting you to the table.

18 There's other parts of SBA and then I'll be
19 quiet and take any questions you might have. We have
20 an office of disaster assistance. Most people don't
21 know that SBA is America's primary disaster lender. Is
22 there any double intent there? I'm not sure. But most

1 of the business loans and most of the home loans that
2 are made in the aftermath of a natural disaster if
3 declared by the President are managed through SBA,
4 usually in partnership with FEMA and other agencies.
5 But we're America's disaster lender. Those are direct
6 loans.

7 We also have an office of advocacy that is
8 independent of SBA but operates under the SBA umbrella,
9 and they conduct a lot of research. Previous committee
10 members have heard the presentations from advocacy and
11 the good work they've done over the last few years. I
12 think we know a lot more now than we used to about
13 veterans and entrepreneurship, but we still have a long
14 way to go in that arena.

15 Third, we have what's called the office of
16 the ombudsman. They go around the country and country
17 appeal hearings just to get input from small business
18 owners about regulatory impediments and other
19 impediments that they run into. So for example with a
20 small business that is at some market disadvantage
21 because of an administrative decision that IRS makes,
22 that office and that process is a way for small

1 businesses to bring that back into government and try
2 to get it addressed through the national ombudsman.

3 There are other smaller parts of the agency,
4 but that's kind of the basics of it.

5 Let me touch on -- am I going on too long
6 here? No? Okay. Let me touch on -- February or last
7 year the President signed a new bill into law, Public
8 Law 110-186. There are a number of things in there for
9 SBA to do, some of which have been done and some of
10 which have not been done. I'm not going to tick them
11 all off, but I can tell you that despite memos,
12 meetings, discussions, me stamping feet and everything
13 else you can think of a number of times all I got was
14 called on the carpet for trying to suggest that the
15 President -- Mr. Mackrell.

16 MR. MACKRELL: How are you?

17 MR. ELMORE: Fine, sir. Pat Mackrell from
18 the New York Business Development Corporation.
19 Welcome, sir.

20 We're doing a quick little briefing. And by
21 the way we're being recorded, so you're aware of that.

22 But anyway, everybody called me up and said

1 congratulations on your new funding, Elmore. Well, you
2 know, they raised my authorization but they didn't give
3 me the appropriation. So I don't have any new funding
4 at this point. The last administration wouldn't ask
5 for it. I'm hopeful that this new administration will.

6 I don't have that answer yet because I don't have a
7 new administrator yet.

8 So if you hear stories that Elmore got a big
9 pot of money to go out and build more centers and so on
10 it's simply not accurate, but we keep trying, and when
11 Dick gets here he'll touch on that. We've sent those
12 kinds of requests up probably six, eight, ten times in
13 the last year and every time it has been turned down.

14 There's also a requirement to create an
15 interagency task force. The previous administration
16 believed that requires an executive order from the
17 President to establish that task force. I don't know
18 what this administration will believe yet, I simply
19 don't know, but some of the attorneys that worked with
20 the last administration on that determination are the
21 same attorneys that are still here. So I expect that
22 we'll end up requesting the White House issue an

1 executive order to establish that interagency task
2 force. That thing is obviously way behind the curve.

3 The advisory committee was made permanent.
4 That's been done.

5 My five veterans business outreach centers
6 are supposed to participate in TAP, the transition
7 assistance program, at Department of Labor nationally.

8 Now there's about 4,000 seminars a year and I have
9 five centers. I think it's pretty much physically
10 impossible to expect that those five centers are going
11 to be able to engage in 4,000 seminars around the
12 entire country each year on the level of funding that
13 we provide them.

14 So to me that's the crux of the issue. We
15 have drafted materials for DOL, we've given them to
16 DOL. They will go into the TAP manual when DOL prints
17 their new TAP manual, but other than that without
18 resources it's a real challenge to try to get that done
19 properly.

20 We were supposed to increase the number of
21 veterans business outreach centers, but the language is
22 interesting because it says if we receive funds,

1 (inaudible) the level of funds we received in '07. So
2 far that hasn't happened, and we're operating under a
3 continuing resolution as we speak, so unless my funding
4 base goes up we will not be able to grow those number
5 of centers.

6 We're also supposed to conduct a study about
7 the gap and the availability of veterans business
8 outreach center services. Somebody is going to make a
9 decent amount of money once that study is funded to do
10 what is (inaudible), and that is with five centers to
11 try to deliver to the whole country there's going to be
12 obvious gaps. I think we all know that. So when that
13 study, when the funds are appropriated for that study
14 and that study is conducted I would expect that the
15 committee may play some role in that, but I can't
16 supply that yet.

17 SBDC, our Small Business Development Center
18 program, did provide grants to five small business
19 development center state networks around the country to
20 create special programs targeted to veterans and
21 reservists. Arkansas is one of those, Ron, and I know
22 you had some work and have been involved in that so

1 maybe you'll share that with the committee. But
2 clearly five in a network of 57 SBDCs is from my view
3 not adequate, but that's again a funding question.
4 Sorry to keep going back to that.

5 We were told to change the military reservist
6 economic injury disaster loan program and we've made
7 those changes. I think it's still not an adequately
8 designed program for the market. It's really targeted
9 to self-employed reservists, small business owners who
10 are in the reserve or guard, and a reservist who has an
11 essential employee who is activated.

12 So I'll pick on Mr. Linscott. He's a former
13 reserve and guard member. He was activated. He
14 secured one of the old MREIDL loans from us some years
15 ago and now one of his key employees is activated, so
16 maybe Jeff will be able to share with us some of his
17 insights as we go forward about that.

18 But the bottom line is the program has been
19 changed. You can now start the application process
20 prior to receiving your official orders as long as you
21 have something to show us that says you're to be
22 activated, even if it's as simple as an e-mail. You

1 know, I would ask all of you if you know a reservist
2 that tries to applies for this once they receive
3 unofficial notice and they're told by my disaster
4 office they can't apply until they receive official
5 notice, let me know immediately. I'll turn on my
6 ombudsman responsibility and I think that our disaster
7 office will engage with them. We've had these
8 discussions already, but not everybody across America
9 is going to understand this nuance, so I expect there
10 will be those kinds of instances to come.

11 You're also going to be able to apply for
12 this disaster loan up to one year after you get out.
13 The way the original statute was written you only had
14 90 days, and we've had experiences with too many small
15 business owners that came back and it took them more
16 than 90 days to simply figure out that there was help
17 available. So some reserve small business owners lost
18 out on an opportunity to use this program because of
19 that. So that's been changed. There's now a year.

20 We're also to create an outreach and
21 technical assistance component with the Department of
22 Defense and with VA. We haven't taken any steps with

1 VA yet. We have taken very early steps with the
2 Department of Defense, and I hope to make that part of
3 the Yellow Ribbon Reintegration Program because DOD is
4 going to provide resources through their field
5 structures and through their commands out to reserve
6 and guard members. I think that's why I was invited to
7 be on their advisory committee. So hopefully that will
8 give us a way to get out to all of those various
9 commands and those 17,000 plus or minus reserve and
10 guard units that are across America. That's a big
11 challenge.

12 There's a couple of other loan, a couple of
13 other things. We changed the collateral basis in the
14 MREIDL and now you do not need to pledge any collateral
15 to get an MREIDL loan up to \$50,000. That was in the
16 new statute. We had some internal discussions about
17 how to interpret that and we won. So it's not -- it
18 can be up to \$50,000, I believe it was up to \$50,000.

19 A couple of other things (inaudible)
20 specifically to service-disabled veterans and veterans.

21 I expect that commitment will be good with the new
22 administration but I simply don't know that yet without

1 a new administrator. So when I get the go ahead on
2 that we will begin working with DOD, and we'll ask VA
3 to join us and probably Labor as well, and perhaps
4 other federal agencies to put together a one stop web
5 presence at the USA.gov or USA.biz site, one of the
6 two. It will be specific to help vets and disabled
7 vets know how to navigate all the range of services and
8 programs that are available. I hope to be able to
9 include state services for example. I don't know if
10 I'll be able to do that, but I think I will.

11 With that I want to challenge you with a few
12 thoughts. You already know we're an undersized agency
13 with an oversized mission. You know that veterans, at
14 least from our perspective, are still not getting the
15 level of services that they earned, they deserve and
16 that this country (inaudible) not have made it. I
17 think it's a mistake not to do a better job and do a
18 more robust job.

19 I think there's a number of ways that you as
20 a committee can help me make that case and I ask you to
21 provide your expertise and input to do that. I have
22 mentioned a few of them, there's other things that are

1 coming. We have a challenge facing us right now in
2 that as it sits right now the National Veterans
3 Business Development Corporation may not be in the
4 position to provide funds to the three veterans
5 business centers that they presently fund. We don't
6 know what the resolution to that is going to be yet.
7 There's been discussions with Congress and with the
8 administration that is still not solved. So even two
9 of the members of this committee might find themselves
10 in a conflicting position if they end up being funded
11 by SBA, and we'll deal with that later.

12 Those three centers are at risk of closing
13 sometime this spring or summer simply because of lack
14 of funding. Right now we don't have the funds to pick
15 them up.

16 I'm also presented a second challenge and
17 that is the five centers that we presently fund were
18 all chosen competitively. So if I'm directed by the
19 administration or by Congress to pick three centers up
20 through other than a competitive process does that
21 cause me a problem? I don't know. I would ask the
22 attorneys to look at that. We've had some discussion

1 with the (inaudible) and others on how to approach
2 that. So that problem is coming very quickly.

3 The new administration is also going to have
4 something akin to a green veterans initiative. What
5 does that mean? I'm not sure I know. We were green
6 veterans in the Army before (inaudible). I think what
7 it means is we all know that there's going to be some
8 effort towards energy self sufficiency and I think the
9 new administration envisions veterans as an important
10 and perhaps integral and central part of that.

11 I know John and others are involved in some
12 of this now. I've had early meetings with some green
13 veteran kinds of groups here in D.C. and they want to
14 engage with SBA to make sure that we're part of that,
15 especially in (inaudible) side of that and through that
16 building a base of employers that would support hiring
17 other veterans. So I think that's an area that's going
18 to be ripe with the new administration for us to look
19 to.

20 I'll raise with you a couple of other points
21 in our government contracting arena that I think
22 deserve some discussion and some review perhaps. Right

1 now if you talk about the 8A program there are a number
2 of disabled veterans that will wrinkle their nose at us
3 and at me and say no way, we don't want to be in 8A,
4 Then we'll get others who say we do. I'm not making a
5 case for disabled veterans should be in the 8A program,
6 but I would suggest that if we look at the history the
7 purpose of the 8A program does the contracting part of
8 the 8A authority, not the program, but the 8A authority
9 was not designed as a socio-economic program.

10 I've already started discussion with my new
11 leadership about is it feasible to explore taking the
12 8A contracting authority and apply it to
13 service-disabled veterans, and I would suggest to all
14 of the (inaudible) not just vets but women, HOV zone
15 and other groups, I think it would enhance contracting
16 opportunities for service-disabled veterans and other
17 small business owners. But I think it probably will
18 require a legislative change to do that and I don't
19 know if the new administration is going to entertain
20 this seriously or not. But it's an area that I would
21 like you all to think about a little about.

22 That also ties into what's called our mentor

1 protégé program. Right now if you're an 8A contractor
2 you can be in the SBA mentor protégé program. Right
3 now if you're a service-disabled veteran small business
4 and you're not in the 8A program you cannot be in the
5 SBA mentor protégé program. Mentor protégé, if you're
6 in that program, allows you to partner, with very
7 specific language, with bigger businesses and the size
8 standard does not apply to the bigger business. So it
9 gives you an opportunity to grow your capacity in
10 partnership with big businesses.

11 Whether or not we're going to be able to
12 successfully get disabled veterans into the mentor
13 protégé, I don't know, but we're going to try again.
14 So I would ask you all to look at that. There's been
15 growing discussion in the veteran community about
16 teaming, partnering, joint venturing, those kinds of
17 things and how that can be helpful in some
18 circumstances.

19 A couple of other things. The old committee
20 members know that I've been really frustrated by the
21 lack of what I think is adequate addressing of what
22 happens when a reserve component member who is a small

1 business owner gets activated. I've had years of
2 discussion with DOD. We've had roundtable discussions
3 on the Hill about this. We've changed the MREIDL but
4 it still entails going into further debt, but a small
5 business may already be too overly debt burdened,
6 especially with the economy.

7 One of the things that I would suggest you
8 might want to look at is a UK, i.e. an English program
9 called Sabre, S-a-b-r-e. Now the UK about three or
10 four years ago had a program similar to ours and they
11 figured out it didn't work. So they created this new
12 Sabre program where they provide direct payments to
13 small business owners who get activated to make up for
14 lost income.

15 If you go back and look at the old study or
16 the report that the Congressional Budget Office did a
17 few years ago, that was one of the options they threw
18 on the table but nobody has picked that option up,
19 including DOD nor SBA. Now you're talking probably
20 fairly high dollars because some reservists, especially
21 professionals which I think have critical skills that
22 are important to the services in total and certainly in

1 the reserve guard like doctors, attorneys, dentists,
2 helicopter, business owners, people with very specific
3 and important skills, have been hurt and damaged. I
4 don't think it's sustainable. I think it undercuts our
5 mission and I think it undercuts the skills that we
6 need in the reserve and guard as part of the total
7 force.

8 So the UK provides a model that we can look
9 at and perhaps suggest to the new administration or
10 Congress take a look at. The previous administration
11 and the previous Congress either didn't hear me clear
12 enough or chose not to act on that.

13 One other thing I'll mention, and now Pat
14 Mackrell is out of the room I think but he might be
15 real helpful for us, if you look at the Community
16 Reinvestment Act there's been a lot of discussion over
17 the last 10, 15 years about veterans are not included
18 in CRA. Now lenders in America get graded on CRA.
19 Loans that lenders make in CRA for the CRA credits
20 includes Small Business Administration loans, they
21 include minority loans, and they include women's loans,
22 but do not include veteran's loans.

1 CRA is not really an area that the SBA is
2 responsible for. It's been a part of the Treasury. On
3 the other hand if the committee were to determine that
4 it might be important for all of America's lenders to
5 ask questions about veteran's and reservist's status
6 when someone comes in to apply for a loan I think it
7 might be value added because I think it would help open
8 doors for the lenders to realize that there's a market
9 out here called veterans and reservists that right now
10 perhaps they're not engaged with or don't recognize.

11 So that's an area that's outside of SBA but
12 it's an area that I continue to think might be an area
13 for us to consider and take a look at and make a
14 recommendation on.

15 There's three or four other things but I
16 think that's probably enough. That's a whole sort of
17 laundry list of things that I think are inadequate,
18 that we don't do a good enough job on or we don't have
19 the resources necessary to do the job properly,
20 commensurate with what this community needs, deserves,
21 earns, and that this country would benefit from
22 providing.

1 So with that I would be glad to take any
2 questions or if you've heard enough of me I'll get some
3 more coffee.

4 MR. LINSKOTT: Jeffrey Linscott. Of the 26,
5 27 million entrepreneurs how many of those are
6 veterans?

7 MR. ELMORE: There's no real firm number, but
8 based on the '02 census we think it's about 3.2 million
9 small business owners, and we also have advocacy
10 research that tell us that 22 percent of veterans are
11 either thinking about starting or purchasing a small
12 business or are taking steps to do so. There's about
13 23-1/2 to 24 million veterans in America as we speak.
14 There's about 300,000 new veterans each year who go
15 through the transition programs or don't go through
16 them at DOD for discharge, either from the active
17 service or from the reserves.

18 MR. LINSKOTT: How many was that, Bill?

19 MR. ELMORE: There's about 300,000, yeah,
20 give or take 10 or 20,000.

21 MR. LINSKOTT: So the pool of available
22 customers is 24 million, 3.2 million, you know, roughly

1 maybe 10 percent of the 26 -- 27 million. Now of the
2 2,100 SBA employees how many work in veteran divisions?

3 MR. ELMORE: There's nine in my office and we
4 have 68 collateral duty, Veteran Business Development
5 Offices and the district offices. Veterans is part of
6 one of six or seven jobs that they are assigned to. We
7 also through Billy Jenkins are able to sort of
8 appropriate some of the time of what are called
9 procurement center representatives, of which there are
10 about 60, Billy?

11 MR. JENKINS: Yeah, roughly.

12 MR. ELMORE: Around the country and they work
13 usually at contracting authority offices where they
14 step in and try to work with some of the federal
15 agencies and prime contractors and try to make sure
16 that they include service to disabled veterans and
17 veterans. But directly in the veterans, my office,
18 nine.

19 MR. LINSKOTT: Ten percent of the SBA
20 supports (inaudible). The veterans are 10 percent of
21 the pool, actively engaged, and you get about .05
22 percent of the staff.

1 And my last question was how many veteran
2 dedicated people are at the master (inaudible)
3 specifically but in advocacy, disaster or any of the
4 other sub-branches, how many veteran specific people do
5 we have there?

6 MR. ELMORE: I'll start with advocacy.
7 There's one person in there that does most of the
8 veterans work, but there's a number of economists there
9 so he works with other economists. So it's kind of
10 hard to say it's just one person, but there's one
11 primary person.

12 MR. LINSKOTT: But he doesn't report to you?

13 MR. ELMORE: No, he does not report to me,
14 but our office of advocacy is an independent entity,
15 okay, and it's designed that way in the staffing.

16 Then my -- let me -- the other was about
17 disaster. I don't believe there is anybody in the
18 office of disaster assistance that is assigned
19 specifically and solely to that. There are people in
20 our disaster support offices that do take on the
21 veterans work when those requests come through.

22 MR. LINSKOTT: And then the last question is

1 do you have anybody in a staff position that works as
2 like a DOD liaison, a VA liaison, or any of the other
3 interagency liaison that could help outreach?

4 MR. ELMORE: No. I can share with you that
5 part of our planning in the office is to try to
6 basically request such a position because I think
7 there's a desperate need for that. The opportunity and
8 the responsibility to work with VA, with Labor, and
9 really with DOD and the size of those entities it's
10 really difficult for me to be the liaison and do all
11 the program and policy work that needs to be done
12 there.

13 MR. LINSKOTT: Then my last question is of
14 the total SBA budget what percent of that goes to
15 veterans?

16 MR. ELMORE: It would be less than -- let's
17 talk about the operational side. My annual budget the
18 last eight years has averaged \$700,000 a year. The SBA
19 operational budget has been in the range of 5 to \$600
20 million. Now as you get into that and you start
21 parsing it out it goes into our disaster system, it
22 goes into the grants that we provide to small business

1 development centers for example, it goes in -- I think
2 this year the agency has 225 earmarks from Congress for
3 somewhere between 80 and \$100 million. So those funds
4 come through SBA but SBA has no real oversight. If an
5 earmark from Congress that says X amount of dough will
6 go to this organization, then our process is simply to
7 enter into an agreement to facilitate the cash to go to
8 those organizations to perform what they were funded to
9 do directly by Congress.

10 MR. JENKINS: Jim, let me pipe up here.
11 This is Billy Jenkins. There's only one individual in
12 the entire United States dedicated to procurement
13 issues for veterans, one, and that's (inaudible).

14 MR. CELLI: Let me -- real quick, I just want
15 to go over the agenda and kind of the structure of the
16 meeting so that, you know, everyone will know how to
17 participate.

18 MR. ELMORE: Thank you.

19 MR. CELLI: First of all I just want to say
20 that I'm extremely, extremely proud and humble to work
21 on this committee. We are the only committee of this
22 kind and we represent the entire nation of veteran

1 entrepreneurs and the veterans who would be
2 entrepreneurs if they had an opportunity to. It's
3 quite an awesome responsibility and the level of
4 expertise brought to this committee by our members and
5 by our new members is exactly why you're here.

6 Having said that, the reason that each and
7 every one of you are here, you know, is because of the
8 work that you've done and the expertise that you've
9 accumulated over your careers and the fact that you're
10 a veteran. So this committee -- if you think of this
11 committee more of a think tank than anything else we
12 will be much more successful in our mission and
13 accomplishing what we hope to accomplish.

14 Bill mentioned Public Law 110-86. I can tell
15 you that much of the work of this committee was
16 reflected in that law. It's the first law that was
17 passed out of the Small Business Committee of the House
18 and Senate, which was a stand alone bill, a stand alone
19 one, the first one passed out of that committee in over
20 ten years and it's veteran specific.

21 It happened, I can tell you personally
22 because I was involved in some of that work, it

1 happened because of the work of the committee. Much of
2 that language you'll see in our report came in because
3 of that. We'll cover all of that later.

4 The reason that I mention that your
5 experiences are important is because if you let's say
6 have a contract with the government, which is a huge
7 issue, it's important that we hear about specific
8 instances that you went through, but only in the
9 context of how either a resolution or a suggestion
10 would help the entire community go forward. You know,
11 we all have our bad experiences that we've had in the
12 past that were frustrating to us but bringing forth
13 those experiences are only valuable to all of us if we
14 can use that to somehow build a new program to help
15 other veterans.

16 The Patriot Express is probably one of the
17 best examples of a veteran specific program that
18 ironically enough in this time of struggle and
19 difficult lending -- Patriot Express, over about 18
20 months I think it's been in effect, just now sent out a
21 press release that they just capped \$250 million in
22 lending programs. As of January it is the only

1 program, the only program in the Small Business
2 Administration's toolbox and arsenal of lending
3 vehicles that has stayed on a steady plateau and has
4 not declined through this recession.

5 That's important and that's important for a
6 number of different reasons, because what it does is it
7 brings credibility to our work and to our group as
8 veteran entrepreneurs. It shows repayment. There are
9 a number of things that we can use from that.

10 Bill talked a little bit about the fact that
11 110-186 authorized him certain new programs. For those
12 of you who have not had the opportunity to work in this
13 environment I'll just briefly go over kind of how this
14 thing works with government, and that is there are
15 really two processes, two steps to making something
16 happen on the federal level. There's an authorization
17 process where lawmakers get together and say this is a
18 good idea, we need to do this because somebody either
19 needs help or, you know, we want to build something,
20 whatever the case may be, let's authorize it.

21 That language goes forth and then before you
22 pop the champagne you need to go back to Congress and

1 have that appropriated, the money needs to be dedicated
2 from Congress to support that program. Now a logical
3 person would think that if they authorized it then just
4 by default it would be appropriated. That's not the
5 case. That has been some of the -- if there's anybody
6 that has not yet put their phone on mute, or stun, or
7 silence that would be great if they could do that now.

8 That has been part of the struggle with our
9 congressional halls over the past several years. One
10 committee will authorize the program and then they will
11 figure out a way not to get that program funded so, you
12 know, essentially it's a dead program. We don't want
13 that to happen and we are taking steps now to make sure
14 that that doesn't happen.

15 We're going to break down into working groups
16 a little bit later. We -- everything veteran business
17 and veteran entrepreneurship is fair game for us. We
18 don't deal with homeless veterans, we don't deal with
19 employment really except for some of those, you know,
20 gray overlapping programs, we don't deal with
21 healthcare. That is not what we do. We deal with
22 veteran's entrepreneurship and everything that

1 surrounds that. Other programs are important but it's
2 really not the work of this committee because our
3 committee has a responsibility to make recommendations
4 to the administrator primarily, and hopefully soon that
5 position will be a secretary's position so that the
6 secretary or administrator can then go forth in the
7 federal government and say this is a good program and
8 you should adopt it as well or take charge and act as a
9 result.

10 We can cover 110-186 in detail later. The
11 last thing that I want to talk about is -- the only
12 break we really take here is lunch. So, you know,
13 we're all adults. If you need to take a phone call,
14 take a break, we're all business owners, we're all, you
15 know, executive professionals, if you need to go to the
16 bathroom by all means just get up. We're not going to
17 take ten minute breaks on the hour unless for some
18 reason we have some kind of dead time.

19 With that we're going to go around and in a
20 little bit I'm going to introduce the new members.
21 We're not going to do it all at once because it gets
22 pretty overwhelming. I'll start with Mr. Garcia in a

1 few minutes and then we'll go into a little bit more of
2 the meeting and then we'll go onto to Mr. Linscott. We
3 will do it that way.

4 Also I would like to allow the existing
5 members an opportunity to give themselves the benefit
6 of the new members and I'll start with myself and then
7 I'll hand off to the vice chairman, Mr. Adams.

8 My name is Louis Celli for those of you who
9 have not met me. I can tell you that when I said at
10 the beginning that it was really an honor to serve on
11 this committee it was also an honor to serve with many
12 of these members, and while some of us have not met in
13 a professional circumstance I know many of the names
14 and they are very renowned within the veteran
15 entrepreneurship community and you'll see that as we go
16 through some of the resumes.

17 All of the bios are available on the website.

18 If you have not had a chance to visit that website
19 it's sba.gov/vet and then there is -- you know, there's
20 a portal to not only our committee but all of the of
21 the other SBA programs as well.

22 I've served on this committee now for I think

1 four years or so and I run an organization out of
2 Boston that helps veterans start and grow their own
3 businesses. We have been a growing committee over the
4 past four years and I believe that we are -- at this
5 moment you have the honor and pleasure of serving at a
6 time when we are at now the pinnacle of our existence
7 and can grow to great heights from here and do much
8 good within the community.

9 So with that I would like to introduce Mr.
10 Paul Adams and then I guess we can start again from the
11 same direction of the horseshoe.

12 MR. ADAMS: I'm Paul Adams. I have a small
13 business in Henderson. I honestly tried to do business
14 with the federal government and got so frustrated that
15 I'm slowly winding that down. I do a lot of work now
16 with the Noble Energy project. I'm also trying to look
17 at ways to develop job opportunities for
18 service-disabled vets. There's a lot of opportunities
19 for virtual jobs, especially in the government.

20 The comment I would like to make is this
21 is -- one of the things I would like everybody to think
22 about, today is intended to be an orientation of what's

1 going on in the government and the veteran community.
2 We have to decide what we want to be now that we've
3 grown up. What I mean by that is I showed up at my
4 first meeting, I think it was in 2006, I was given a
5 plaque before I even attended a meeting thanking me for
6 my service to the SBA and told that this could be my
7 last meeting because they didn't know if the committee
8 was going to be extended.

9 It did get extended and we had meetings in
10 2007, but we didn't know if we were going to exist
11 beyond 2007. So what you'll see in the history of the
12 committee is a lot of little things that we said were
13 only going to last for a year what could we possibly do
14 to have an impact. We're now permanent and that's why
15 you'll see that we have a four year plan that we put
16 together, because now we can look forward and say what
17 is it that we can do and how can we impact that.

18 I think, I may be wrong, but I think I'm the
19 designated cynic on the committee. We will talk about
20 a lot of laws. I believe the only law that always
21 applies is the law of unintended consequences as
22 amended by Murphy's Law, and that if all of the stuff

1 that's coming out of Congress, regardless of the
2 administration, is just so much pabulum that they are
3 feeding to the veterans community without any real
4 intention of doing anything except by accident.

5 I think there's also a fractured nature of
6 the veterans community and that's something that we to
7 look at I believe as a committee. You have -- you
8 know, when Bill was talking and you think of all the
9 different task forces and committees that are out
10 there, this group, that group, and that group is going
11 to talk this group and everything else, and the VA is
12 doing there thing, and DOD is pretending to care about
13 veterans but not contracting the service-disabled
14 veterans, and what you've got is a further dividing
15 Congress. You end up with all these little advocacy
16 groups that are pushing something and as long as we as
17 veterans are not unified in what we're speaking to
18 Congress we will always be the bastard stepchildren of
19 all of the programs and appropriations that come out.

20 That's why we have such a small footprint
21 here. It's not to say the people that are working for
22 veterans in the SBA are bad people. They're working as

1 hard as they can, but what they get -- but there's no
2 unified voice going to Congress to make a difference.
3 Look at where we are as a veterans and look at the
4 women's community. Women get -- women's groups get all
5 kinds because they were smart enough to get united, to
6 approach Congress as women, and they got the women's
7 business program. Why do we have women business
8 development centers all over the country and we don't
9 have veterans? Why do you need two different complete
10 sets? I mean, why do you have to start each one from
11 scratch? Why can't you have business development
12 centers around the country and then you maybe have some
13 expertise that are added in to address different
14 communities?

15 So we have to look I think at what our focus
16 is, what are we going to try to do short term, medium
17 term, long term. We are a permanent committee. Look
18 at this binder. At our report is 34 pages, 17 two
19 sided, and then this is all the rest of the junk that's
20 out there, meaning that when we put this into Congress
21 even in our own binder our report is relatively
22 insignificant. When you take this and you put into

1 Congress not a lot of people are going to look at it.

2 So we need I think to think about that and
3 that's going to the point really of tomorrow, getting
4 together and saying, okay, how are we going to get
5 these things done. That's probably the main point I
6 would just like to make is we're now real, we're now
7 permanent, we can go out and do something. We have to
8 decide what we're going to do, how we can bring the
9 veteran community together and do something that's
10 productive for the veteran community and not become
11 just another fractured part of a non-unified group of
12 veterans.

13 I think that the bottom line is any program
14 that the government has to assist a socio-economic
15 group veterans should be at the top of that list
16 because veterans cuts across all socio-economic groups.

17 That's my soapbox. Thank you.

18 MR. CELLI: Yeah, absolutely, Ron, if you
19 could introduce yourself and tell us --

20 MR. MILLER: Good morning. I guess the best
21 way to describe what I do right now is it's sort of an
22 advocate at large for veteran small business. I've

1 taken an active interest in looking at how veteran
2 small business, particularly those in the construction
3 arena, those in the information technology, and those
4 in manufacturing to see how they're doing vis-a-vis
5 more established businesses, those who have been around
6 for a while.

7 What I see is a serious breakdown in
8 mechanisms to allow veteran small businesses, and
9 particularly service-disabled small businesses, a level
10 playing field on which to compete. There are many
11 reasons and that speaks to the role of this committee
12 here.

13 I've spent 33 years in government. I'm
14 retired both from the U.S. Army Reserve program and the
15 U.S. Department of State. I spent I guess 18 of those
16 years overseas, so I've got an international
17 perspective on a lot of this.

18 But I think our mandate here is one to look
19 at why some of these businesses simply are not having
20 the level of support that they need to either begin or
21 to repeat. I think Tom -- Paul, I'm sorry -- Paul
22 alluded to this a bit when he said there are a lot of

1 different agencies and the left hand doesn't know what
2 the right hand is doing. Well, from my time in U.S.
3 Government I can certainly see how that happens.

4 But it should be a function of this committee
5 to enhance the coordination. I'm hopeful that in the
6 discussions here we'll get back to Bill Elmore. I
7 think he made an excellent presentation and I know a
8 lot of people here probably had questions or comments
9 to make. I would like for this committee to allow
10 people who have questions or comments to make to Bill
11 to do that. So Bill -- so Louie, you cut us off much
12 too short on that.

13 One of the things is coordination. That is a
14 problem. One agency for reasons known only unto itself
15 will not talk to any other agency. Bill probably can
16 talk to that. He can probably give you examples of
17 that. I don't think we have the luxury here in
18 Washington, D.C. to kind of sit back and allow this
19 lack of coordination to continue. We need to
20 insist -- if we expect the Congress to take the
21 veterans and business issue seriously we've got to
22 press and insist on some coordination, collaboration,

1 even cooperation. That's something which I fully
2 expect to see come out of the committee.

3 We haven't distinguished ourselves as a
4 committee in the past. We have peanuts to show for our
5 efforts. I'm delighted to see a lot of new faces, a
6 lot of new people here who bring new energy and an
7 outside view. I'm hopeful that that energy will light
8 a fire under all of us here so that we can actually
9 accomplish something as a committee, we can actually
10 make a contribution. I think it's much needed.

11 One of the things I would like to see is
12 maybe some increased focus on the new generation of
13 veterans coming out of the present conflict that we
14 have. I'm from the Vietnam era and I see that a lot of
15 the successful small business people now on the radar
16 screen are those from my generation. I applaud them.
17 But you know it took them 10, 15, 20 years to get to
18 this point. (Inaudible) will give you many examples of
19 this.

20 What we need to do is think now about this
21 new generation to ensure that the same doesn't happen
22 with them, that they actually get the tools that they

1 need. You know, you've got these small veterans
2 resource centers out there. One of the questions I
3 would like to ask Bill Elmore at some point is to what
4 extent are his five centers working with the SBDC state
5 network, working with the TVC centers.

6 I will tell you that there's probably room
7 for improvement in that, in those few groups coming
8 together to work to help this new generation of
9 veterans that we haven't seen. So what do I see coming
10 out of what we do? Renewed focus on the issues that
11 are impeding veterans, small businesses from playing on
12 a level playing field, secondly a focus on the newest
13 generation of veterans, these heroes that we have in
14 Iraq in Afghanistan and other places who are coming
15 back, who are right now starting to think about what's
16 going to happen to them for the rest of their lives.
17 So with that --

18 MR. CELLI: Thank you.

19 MR. MANCINI: That covers just about
20 everything. My name is Frank Mancini. I am from Los
21 Angeles, California and I have a business located in LA
22 and Compton Valley (phonetic) in Orange County. I'm

1 here to represent (inaudible) a lot of the issues that
2 we encounter as small businesses when interfacing with
3 the federal and in my case also the state, which gets
4 its authority from the federal. I hope to bring that
5 experience here and offer some solutions.

6 MR. CELLI: I would like to just briefly take
7 this opportunity to kind of insert Mr. Garcia at this
8 time and then we can go on with the rest of the
9 membership just because it falls in nicely, and again
10 we can break it up.

11 Mr. Garcia is a cabinet level secretary for
12 the Office of Veterans Affairs. Not all states have a
13 cabinet level member representing veterans at their
14 state level. So that in itself -- and he is the first
15 cabinet level secretary for his state and was sworn in
16 by Governor Richardson, which as you all know was a
17 nominee for the presidential candidacy.

18 It's an extremely important position to be in
19 and it's an extremely important way to set precedence
20 for veterans in his state, and other states need to use
21 it as an example. Some states do have cabinet level,
22 most do not. Massachusetts happens to and it's been a

1 struggle to keep it that way.

2 Mr. Garcia was also involved in some of the
3 founding programs for veteran entrepreneurship dating
4 back to the 80's and even earlier. He is a Vietnam
5 veteran and also was the executive director for what we
6 all know as VVLP, which is the Vietnam Veterans
7 Leadership Program, and much of that program formulated
8 the basis for laws like Public Law 106-50, veteran's
9 outreach programs, and some of those other programs.

10 So I would like to introduce Mr. Garcia.

11 MR. GARCIA: Thank you. It's an honor and
12 privilege to be here. As stated I am a Vietnam
13 veteran. I served with the 4th Infantry Division in
14 '69 and '70. I was involved in VVLP and Bobby Miller,
15 and Bill Elmore, and Mr. Miller, and a lot of other
16 Vietnam vets at the time when we were a bunch of angry
17 Vietnam veterans and we're still a bunch of angry
18 veterans. Not much things have changed and the end is
19 still the same.

20 If I may just a couple of comments. In
21 listening to what Bill was saying and something that
22 Jeffrey was alluding to I think that we probably all

1 caught onto, and with Mr. Vargas was talking about,
2 there was an old adage that came out of Vietnam and it
3 just reminded me, it said something to the
4 effect -- you may have seen it written on some of the
5 bunkers if you were in Vietnam. It said something to
6 the effect we've done so much with so little for so
7 long we're beginning to believe we can do anything with
8 nothing forever. Do you guys remember that?

9 That sounds like your office. What Mr.
10 Linscott was alluding to I think was the fact that
11 we're not a priority. We're not a priority even with
12 SBA or the VA or DOD, even though we try to pride
13 ourselves on that. In looking at this committee, and
14 I've attended some of the meetings in the past, I would
15 like to see this committee be more than just an
16 advisory committee. I think the word advisory should
17 be dropped off. It should become a committee on
18 veteran business affairs so we're taken seriously and
19 have some teeth put on this committee, otherwise we're
20 just an advisory role. We all know that.

21 If you look around the room here we all
22 represent various groups and organizations. As I've

1 said to Bill and the previous administrator, I don't
2 want to be part of a committee that is just going to be
3 an advisory role. We really have got to hit the ground
4 running. Veterans out there are expecting us to really
5 make a difference and change here for them.

6 I think we can. I think there is -- as Mr.
7 Vargas said I definitely do not want my Iraqi veterans
8 to go through what many Vietnam veterans went through
9 when we got back. I had a meeting with a couple of
10 them this morning and they are looking to us to make a
11 difference for them out there in the community. All
12 due respect to the VA and my office, we've done a great
13 job of creating a welfare society of veterans when we
14 help them get their disabilities. You get 50 percent
15 and the next thing you know they want 75, then they
16 want 100, and then you know what they want next, a
17 leather jacket and a Harley. Then they go around,
18 driving around and we've created a welfare society.

19 So I would rather create wealth for my
20 veterans, get them their disability benefits, but then
21 help them go into business and create jobs. I do agree
22 with Mr. Celli, though. I think we need to also -- not

1 everyone is going to go into business, but we need to
2 help them also find jobs. I think veterans hiring
3 veterans, heroes hiring heroes, if I can get a veteran
4 to create a business and get him to hire my veterans
5 then we've gone full circle, we're helping them all.

6 So I'm excited about being on this committee,
7 but I'm also excited what the potential of this
8 committee could be with this new administration.
9 There's a lot of things that we're doing out
10 also -- I'm past chairman of an organization called
11 NASDVA, which isn't here represented, National
12 Association of State Directors of Veteran Affairs.
13 I've said to Bill many times there's a huge disconnect,
14 I think you know that, between DOD and the VA, but more
15 importantly the VA and the state. We are not connected
16 at all.

17 I mean, there's some VA people here and
18 that's fine. I've had many discussions with VA and my
19 disappointment is we're not connected at all.
20 Collectively the states pump out of their own pockets
21 from their legislative body over 6 to \$7 billion of
22 state money to do the outreach. We're the point people

1 out there and yet we're not connected in any way to the
2 SBA, to the VA, to Commerce, to anything at all.

3 So you're absolutely right that when I was
4 appointed Secretary of Veteran Affairs there were only
5 ten states that had a cabinet level Secretary of
6 Veteran Affairs. Some other veteran directors were
7 relegated to the Department of Health within their
8 state or other departments. Since then there's about
9 20 states now that have become Secretary of Veteran
10 Affairs.

11 Keep in mind when Reagan was president, and
12 I'm born Catholic, baptized democrat, but when Reagan
13 was president he created the Secretary of Veteran
14 Affairs 20 some years ago. So this is fairly new to
15 everybody still.

16 So I really would like to see this committee
17 also get very engaged with the NASDVA, National
18 Association of State Directors of Veteran Affairs,
19 because that's where the juice is. They're where the
20 rubber hits the road, you know, with my agency. I'm
21 not the VFW, American Legion, DAV, but I represent them
22 all in my state. I have to pull them together and act

1 in a leadership role, but pull them together and
2 implement my programs, which means a homeless program,
3 a job program, business development, outreach, women
4 vets, native vets, black veterans. I have to do all of
5 that.

6 So this committee has to be also all of that.

7 So I really want to see this committee, Bill, get some
8 teeth on it, get with your new director and make this
9 be what it should be for my veterans. I look forward
10 to being here and maybe acting as an agent of change,
11 Louis. So I'm honored to be here, sir.

12 MR. CELLI: Thank you very much. And in
13 keeping with the members who -- I know, but I know that
14 Joe will take ten seconds or less.

15 MR. ADAMS: Okay.

16 MR. CELLI: So I would like to -- I would
17 like to introduce Mr. Joe Sharpe, and if you would just
18 briefly --

19 MR. SHARPE: I would prefer to reserve my
20 comments until tomorrow when we have (inaudible).

21 MR. CELLI: Okay. In that case we've fallen
22 right into the schedule with us and it is now 10:30.

1 It is very difficult for these types of meetings to
2 stay on schedule, so if you find me rushing -- and just
3 to let you know my only job, my only real reason, you
4 know, for heading this committee is just to keep
5 organization, that is it. Other than that everybody
6 has equal say, equal value. You know, nobody is more
7 important or has a louder voice than anybody else,
8 except for Felix. Felix has a pretty loud voice.

9 But that being said I would really like to
10 introduce now our first speaker from the Small Business
11 Administration. He's a director of the Office of
12 Financial Assistance, Mr. Grady
13 Hedge -- Hedgespeth -- I'm sorry, it stumbled on my
14 tongue. Sir, thank you. Welcome. Thanks for being
15 here.

16 MR. HEDGESPETH: There was a press release
17 that I think if we can get distributed that will
18 summarize some of what I wanted to share with you.
19 First of all it's a pleasure and an honor to be there.
20 For those of you who have served this country and as
21 someone who was born and raised in Norfolk, Virginia
22 and surrounded by the military all my life I thank you

1 for your service and obviously for the service, anyone
2 who currently is serving this country.

3 The Office of Financial Assistance is
4 responsible for the three major loan programs of the
5 SBA, 78504 and the (inaudible) loan program. What I
6 wanted to share with you is a little bit of what's been
7 happening in our marketplace in general and then drill
8 down to specifically what's been going on in terms of
9 lending to veterans.

10 This has been a very trying economic time for
11 the whole country and the SBA has not been immune to
12 that. We've seen three primary factors through most of
13 last year that contributed to significant declines in
14 our loan volume. First demand is definitely down in
15 the marketplace. Add to that that we've had definite
16 contraction in terms of higher lending standards,
17 tightening lending standards by now most of the lenders
18 who operate in SBA programs. Finally we've also had
19 deterioration in the average credit quality of
20 potential buyers, primarily because of the declining
21 value of the primary asset, the home. Home ownership
22 and home equity is the major source of small business

1 financing, or at least leverage.

2 So those three factors contributed to have a
3 steady decline through most of calendar 2008 that got
4 exacerbated in the final quarter of last year following
5 the collapse of Lehman Brothers. What that added in
6 terms of a factor in our lending was the basic
7 disappearance of the secondary market for SBA loans.
8 About 40 percent of SBA loans historically are sold to
9 the secondary market. So it's a major source of
10 liquidity, and for lenders who are dependent on that
11 source of liquidity when the secondary market for SBA
12 loans effectively came to a grinding halt about
13 November of last year their ability to issue new debt
14 also came to in many cases a grinding halt.

15 We've been focused really since August in
16 trying to alleviate problems that we saw developing and
17 have intensified those efforts really throughout the
18 fall. My boss, Eric Zardico (phonetic), was the
19 political appointee of the prior administration and
20 he's the only political appointee that's been held over
21 by the current administration to give us continuity in
22 our advocacy through this particular time, both with

1 Congress, OMB and with the new administration to try
2 and address the issues in our secondary market.

3 We took some action in the fall to do things
4 that we could such as introduce a LIBOR based rate SBA
5 rate. It's funded by prime or based on prime. Many of
6 our lenders cost of capital was priced at LIBOR. That
7 was a contributing factor to them not being able to do
8 lending effectively in the fall. Now we have a LIBOR
9 based rate. We've started to see some up tick in
10 lending by lenders who are LIBOR based.

11 For those of you who are definitely finance
12 geeks we also introduced the whack pool (phonetic)
13 concept to weight out your average coupon, which also
14 has been a helpful thing for the secondary market.
15 We've been focused a lot on trying to make the new help
16 program, trouble asset backed security lending
17 facility, that the Federal Reserve and the Treasury
18 announced work for the SBA products. We think that
19 that will be out in the near future and should provide
20 liquidity to about \$3 billion worth of SBA paper that's
21 currently stuck in our secondary market.

22 All of that is by way of saying our lending

1 volume overall in the SBA is down about 51
2 percent -- I'm sorry, 57 percent at this point, and
3 that's a number of loans, about 41 percent in dollars.

4 For veteran lending the numbers are a little bit
5 higher and that's because the overall, the average
6 dollar size for veteran loans is a little bit smaller
7 than the average of our overall portfolio. We've seen
8 the biggest fall off unfortunately in the smallest
9 dollar loans in our portfolio.

10 The veteran numbers for the first quarter of
11 FY 2009 through actually last week are down 62 percent
12 in terms of numbers and 65 percent in terms of dollars.
13 That's the bad news.

14 There is good news, however, as the press
15 release that we distributed indicates. Last
16 year -- I'm sorry, in 2007 we introduced Patriot
17 Express, which basically was a product that combined
18 the best aspects of all of the existing products that
19 we had with the highest guarantee levels, targeted
20 towards veterans and their spouses as well as active
21 duty service people in terms of its (inaudible). We
22 had our best pricing on this product and it really has

1 been tremendously well received by the marketplace.

2 The press release you have indicates that
3 currently we've put out more than \$250 million in this
4 particular product, the average loan size being about
5 \$88,000 and almost 3,000 loans. Even with the downturn
6 in the market we are seeing that Patriot Express is
7 becoming more and more a favorite product of our lender
8 partners as fully 20 percent of the Patriot Express
9 volume has occurred in the last four months. So it
10 definitely is something that lenders are seeing more
11 and more as a good opportunity to work along with our
12 veteran community and give them the best possible
13 pricing and the best possible returns, keep credit
14 flowing to them.

15 We have been very pleased by the acceptance
16 within our lender community of the Patriot Express
17 product and we've definitely seen the migration from
18 what used to be community express, which had the lower
19 guarantees. Whenever there's an opportunity, and in
20 fact I've had more and more lenders say the first
21 question we ask now is are you a veteran. That's a
22 major turn of events because it used to be almost after

1 the fact we would find out that a borrower was a
2 veteran. But it does, the product definitely works
3 better for lenders, it works better for the loan, and
4 now that's basically (inaudible).

5 So we're happy with that. If we can get the
6 House moving and whatever Congress decides to give us
7 in terms of an economic stimulus package we're hopeful
8 that we can get our markets back in sync and getting
9 money out to the nation's veteran business owners.

10 So that's kind of the overview at this point.

11 I'm a career civil servant in an SES position, so
12 please don't ask me what I think about the current
13 measures that are going through Congress because I'm
14 not allowed to have an opinion, but adding as much
15 input as we can from a technical capacity in terms of
16 the impact of the various positions that have been, at
17 this point have been suggested.

18 So I'm open to any questions.

19 MR. CELLI: If I could just make sure that
20 our guests understand that he is being recorded.

21 A PARTICIPANT: Hi. I thought the SBA on the
22 Patriot Loan Express, which I'm very much in favor of

1 that, but I deal with banks all the time and I'm glad
2 to see that more and more banks are taking advantage of
3 this, but I can also tell you a ton of them don't even
4 know anything about it. Some places within the bank
5 they might know about it, but particularly when the
6 small business marketing people don't know about it,
7 when government lenders don't know about it at large
8 banks and then they come up and say, well, there's no
9 secondary market so we're not interested in SBA loans
10 and I say, well, some of these loans are guaranteed by
11 85 percent. What's the matter with having a good loan
12 on your books when half the stuff is crap that they got
13 on their books now.

14 So I just -- you know, I think there's a
15 marketing issue because I'm all in favor of it. I've
16 been trying to encourage banks to do this for a long
17 because I see that as a way of cranking up capital to
18 veteran business owners. So if there's any way that
19 you as the SBA can continue to pump that message out I
20 would encourage it.

21 MR. HEDGESPETH: Most definitely. We have
22 been -- one of the things we did starting about

1 February of last year is we started to (inaudible).
2 Obviously what we now know is that the economy had
3 already started a recession. We reached out to about
4 2,000 banks, both current SBA banks as well as those
5 who weren't SBA, to make a pitch to them that
6 especially as the economy was softening SBA could be an
7 answer for them staying engaged in lending.

8 We know that effort had an impact because
9 last year was the first year in several years where we
10 had a net increase in the number of banks doing SBA
11 business, but it is definitely something that I would
12 expect when the new administration gets fully in place
13 that we will have a full court press on, you know, what
14 the SBA can be doing to help (inaudible).

15 Yes, sir.

16 MR. LINSKOTT: Jeffrey Linscott. When you
17 guys -- do you administer the Patriot Express program?

18 MR. HEDGESPETH: Yes, sir.

19 MR. LINSKOTT: And with that program did you
20 get any additional positions or people or just another
21 product to sell?

22 MR. HEDGESPETH: We got -- we got positions

1 in our center operation, which at that time -- actually
2 it's been separated now from the Office of Financial
3 Assistance, but we're all part of the Office of Capital
4 Access. Administrator Preston when he was here
5 basically made it a priority to get adequate staffing
6 into our centers. So starting about June of 2007 we
7 made a full court press to both identify what our
8 staffing needs were and to his credit and the acting
9 Administrator (inaudible) they really kept true to
10 keeping our centers staffed.

11 Now I will tell you that it was a bit of
12 chasing our tails because we are very good right now on
13 the new loan origination side. In fact as you see in
14 the press release the average -- we're doing the
15 Patriot Express now and it's a one day turn around with
16 an answer to the bank about whether or not the loan
17 meets our approval. Where we are having some
18 difficulty in keeping up with demand is where the
19 purchasers come back at the end, when the loan goes
20 bad. In this economy what we're seeing right now is a
21 very steep increase in the number of purchase demands
22 that are coming in. That continues to be a challenge

1 to be adequately (inaudible).

2 MR. LINSKOTT: Thank you. And then the
3 second question is advertising by SBA, DOD, VA?

4 MR. HEDGESPETH: We don't actually do paid
5 advertising. I will turn to Bill. We do a lot of sort
6 of promotion within our network, but we -- to my
7 knowledge we don't actually take paid ads.

8 MR. ELMORE: Yeah, if I can jump in. Bill
9 Elmore. I'm not aware of us doing ads. You know, my
10 office for example the last two years we've had
11 requested from us 130,000 what we call reserve
12 (inaudible) kits. Those kits are a package of SBA
13 materials around veterans and reservists, including
14 Patriot Express. So those requests continue to come in
15 and we continue to push that out, but it's not -- in my
16 case we're not targeted to lenders as much as we're
17 targeted to the veterans and the veteran serving
18 community.

19 MR. LINSKOTT: Well, that was the purpose of
20 the question. I was reading some material that the
21 veteran business development officer in Portland sent
22 me in the mail on the plane down yesterday and

1 yesterday I learned about Patriot Express. I've been a
2 veteran owned small business since 1996 and literally
3 yesterday I learned of the loan program. It's a heck
4 of a deal.

5 So this morning I wrote an e-mail to my U.S.
6 banker branch manager in Greshiman (phonetic) and said
7 do you know about this. I just met with him a week
8 before for expansion. I said I would like to get
9 involved in that program. It's wonderful.

10 MR. HEDGESPETH: Well, I definitely will take
11 away from here that we could be doing a lot more to get
12 the word out, but it's one of these things where
13 because of the turn over in personnel and certainly
14 what we've seen as the downsizing in the banking world,
15 especially the SBA banking world, there are a lot of
16 people no who are responsible for SBA who know very
17 little about SBA.

18 MR. LINSKOTT: Well, it's a wonderful
19 program.

20 MR. HEDGESPETH: Yes, sir.

21 MR. LINSKOTT: Thank you.

22 MR. HEDGESPETH: One other thing I should

1 mention is that we, about a third of our lending is
2 held up in terms of new business, business acquisition,
3 new business finance. We are -- we had an independent
4 study done by the Irving Institute. 50 percent of the
5 new business planning in the small business arena was
6 done by SBA financing. So we continue to be the major
7 source of capital for new business start ups and
8 acquisitions.

9 MR. CELLI: Mr. Hedgespeth, as you know Louis
10 Celli. You mentioned earlier that one of the major
11 challenges of your office was now dealing with some of
12 the loans that are going into default through what you
13 call buy back. Would you be able to provide us with
14 statistics regarding the Patriot Express versus other
15 lending vehicles so that we can see how our program is
16 faring with regard to defaults on loans? It's been my
17 experience through your program that veteran loans
18 historically fare much better on the average than other
19 loans do and I would like to be able to have those
20 statistics for our committee.

21 MR. HEDGESPETH: We'll get you those. It
22 might not be just Patriot Express because that's still

1 a relatively new product, so it's going to be somewhat
2 masked in terms of its experience. But what we can get
3 all veteran activity, which I know we do track, and if
4 we can break out Patriot Express, but understand
5 Patriot Express like any new product won't reflect the
6 full purchase rate history because it hasn't seasoned
7 enough.

8 MR. ELMORE: Can I -- I don't want to put you
9 on the spot, Grady. Bill Elmore from SBA. Given the
10 role of this committee as an advisory committee to the
11 administrator, and Congress, and the administration as
12 well, I would be interested in any take you have. If
13 Patriot Express it seems to me continues to work
14 reasonably well while everything else is sort of
15 heading south and I wonder what lessons you all might
16 think are learn-able from that as we prepare for
17 whatever the new administration is going to bring the
18 table in the stimulus bills themselves. Clearly it
19 seems we're going to get more robust in our lending
20 programs and I'm not sure how we transpose those
21 lessons into this community.

22 MR. HEDGESPETH: I think there -- you know,

1 at the risk of, you know, stepping beyond my bounds, I
2 will let the numbers do the talking. The average size
3 of a veteran's loan is smaller than the average for our
4 overall portfolio. I think it is very important since
5 on the whole smaller dollar loans perform less well
6 than larger dollar loans that the SBA stay very much
7 actively involved and engaged in promoting the smaller
8 dollar lending. I really do think that's kind of
9 fundamentally to our public mission. It is kind of the
10 first line support of pure entrepreneurship, and if you
11 think about the veteran community, especially returning
12 veterans, I think it's going to be very critical to
13 stay actively engaged in that area.

14 I think in an era where SBA programs are
15 self-funded it is probably most difficult to stay
16 actively engaged in that lending because it requires
17 subsidy from somewhere. In the current model it's
18 subsidized by larger dollar loans. But, you know, I do
19 believe that there's a public purpose that goes beyond
20 simply, you know, the offsets in our portfolio, that it
21 really is if we're going to be an engine of supporting
22 entrepreneurs, priming the pump if you will, having

1 this committee very engaged in how do we keep small
2 dollar lending moving in this country is just critical,
3 critical to the success of veterans as businesspeople.

4 MR. ELMORE: Thank you very much. I can read
5 between those lines. I appreciate it.

6 MR. CELLI: Does anybody have any other
7 questions? There was a question back there, wasn't
8 there?

9 MR. BOWER: You had mentioned that -- Charles
10 Bower, (inaudible). You had mentioned that the basis
11 was shifted from prime to LIBOR.

12 MR. HEDGESPETH: Yes, as an alternative.
13 There's still the prime. We basically now have three
14 rates a bank can base its pricing on.

15 MR. BOWER: Right.

16 MR. HEDGESPETH: One is an arcane number we
17 call the peg rate. Don't even worry about that one.
18 Then there's a LIBOR based rate and a prime based rate.

19 MR. BOWER: Okay. Is there a set standard
20 for prime plus, LIBOR plus?

21 MR. HEDGESPETH: Right. It's prime and then
22 the spread. For LIBOR it's LIBOR plus 3 percent and

1 then the spread, yes. It's one month LIBOR and we set
2 it at the beginning of every month.

3 MR. BOWER: Okay. So that's a completely
4 variable rate

5 MR. HEDGESPETH: That's correct.

6 MR. BOWER: All right. And the question is
7 maybe (inaudible) is there a product available to
8 finance small business's receivables or is that
9 (inaudible)?

10 MR. HEDGESPETH: Primarily through working
11 capital lines. That's the primary vehicle. We don't
12 do true factoring. There is a cap line program that is
13 tailored to seasonal businesses and that's probably the
14 closest we come to receivable financing.

15 MR. BOWER: Thank you.

16 MR. CELLI: And just to let you know we are
17 actually ahead of schedule and our next presentation
18 from 10:45 until 11:30 is supposed to be not only
19 Bill's office but the next (inaudible). So I think
20 we're a little bit ahead of schedule so we still have
21 time.

22 A PARTICIPANT: You had mentioned

1 that -- Grady, as you know I've been trying to seek
2 support for attaching the new markets (inaudible) to
3 the Patriot (inaudible) for some time. We've started
4 to get some momentum and (inaudible) mission to try and
5 get special (inaudible) for small businesses I think
6 would (inaudible) but more consistently to get the SBA
7 to make Patriot Express accessible for new market tax
8 breaks, which they have already done for the community
9 express loan program under the SBA. Do you think that
10 the new administration will be open to considering that
11 and doing that?

12 MR. HEDGESPETH: Well, certainly we've been
13 hamstrung because we don't have the political
14 leadership yet to be able to tackle that issue. But,
15 you know, every indication I have on our new
16 administrator and her role frankly, she's on the board
17 of a new market venture corporation. She knows the
18 work of coastal enterprises very well. I can't imagine
19 that she won't be open to a presentation around Patriot
20 Express as a viable candidate for the market tax credit
21 (inaudible).

22 A PARTICIPANT: Thank you.

1 MR. CELLI: Mr. Wynn?

2 MR. WYNN: Just a quick question, with regard
3 to the Patriot Express loan --

4 MR. ADAMS: Your name please?

5 MR. WYNN: It's Joe Wynn. I was just
6 wondering the statistics on the Patriot Express loan
7 are they available to the public, either the subtotal
8 or get the statistics from (inaudible)?

9 MR. HEDGESPETH: You mean in terms of --

10 MR. WYNN: I mean how many loans, (inaudible)
11 the veterans (inaudible)?

12 MR. HEDGESPETH: The press release that you
13 have has all the numbers that we currently have. We
14 periodically -- because of the interest in this
15 product, and frankly we're very proud of it. So really
16 about every three or four months we issue a release to
17 update the community on what we've done in terms of the
18 number of loans and where they're going to. Sometimes
19 we even spotlight a loan.

20 A PARTICIPANT: Mr. Chairman? Grady, I've
21 got a list of the approved Patriot Express loans
22 through January '09 broken out by state, by active

1 duty, by veteran and by reserve guard, by spouse and
2 total. I think it's on the table, I'm not sure.

3 MR. HEDGESPETH: Okay.

4 A PARTICIPANT: If not I can certainly make a
5 copy of it.

6 MR. HEDGESPETH: Well, we've had a Patriot
7 Express loan in the marketplace for all 50 states and
8 it's from \$5,000 up to half a million.

9 MR. CELLI: What I would like to ask
10 you -- this is Louis Celli -- before you go is how can
11 this committee assist you, your office in your effort
12 to increase funding capabilities and opportunities for
13 veteran business owners?

14 MR. HEDGESPETH: Well, I definitely believe,
15 and especially because of the demographics, small
16 businesses, especially start ups, are more successful
17 when they receive good technical assistance. The
18 strength of our small business development center
19 program, I didn't mention our micro loan program which
20 is has a lot of really new entrepreneurs. It's really
21 appropriate for them. Those loans range from \$5,000 to
22 \$35,000. They're very heavily TA supported, technical

1 assistance.

2 I really think it's the support structures
3 around the lending that's perhaps the most important
4 thing for the veteran community. That also includes
5 transition assistance, which we, you know, also tout
6 where a reservist is being called back to active duty
7 that has a business. Those are critical times for
8 planning assistance and kind of help him think through
9 how is the business going to succeed, because we do see
10 an up tick in defaults following deployment. So it's
11 definitely something that, you know, we kind of don't
12 take a myopic view but broad agency view on what the
13 support structure that we can give to veterans, not
14 just money, but resources that will help them succeed.

15 MR. CELLI: So then we can count on your
16 office -- this is Louis again -- we can count on your
17 office then for statistical data, empirical data, and
18 theoretical data which supports that veteran or reserve
19 and guard members who are also business owners require
20 some sort of support for that business post deployment
21 in order to keep that business viable enough to repay
22 those debts?

1 MR. HEDGESPETH: I think that information
2 will come from the data, yes, sir.

3 MR. ELMORE: Well, a couple of points, Louis.

4 Just -- I'm sorry, Bill Elmore. We passed
5 around -- if my math is correct about 25 percent of
6 Patriot Express loans have gone to service members who
7 have gone through the transition assistance program.
8 The average loan has been almost \$128,000. So those
9 have been our highest average in those four categories.

10 Vets have been about 55 percent of the loan, averaging
11 about 73,000. Reserve and guard has been about 3
12 percent of the loans, averaging a little over 107,000.

13 Spouses, and this could be spouse of a veteran or a
14 service member or widow for that matter, have been
15 about 13-1/2 percent of the loans, actually 16 percent
16 of the loans, and an average of about \$72,500.

17 So the averages tend to be different based on
18 which part of that market you look at. I do have,
19 Grady, a question for you. It's something that I'm
20 really interested in as an SBA employee. I've seen now
21 over the last couple of years six, seven, eight
22 different states create state (inaudible) loan programs

1 for veterans and reservists. Pat Mackrell who is
2 upstairs is managing one in New York state. Ohio has
3 created one that uses SBA loan guarantees. Missouri is
4 another one, Maryland, Florida. Maine has had one
5 since World War II. Oregon I think has recently
6 created one.

7 What I'm interested in is what might we do as
8 an agency, either my office or perhaps with financial
9 assistance, to go out and try to build that sort of
10 cooperative approach at the state level, like John
11 Garcia said, where generally the state veteran's
12 affairs or the state economic development may not have
13 a real strong or knowledgeable relationship with SBA
14 and what we can do in partnership with them. So I'm
15 interested in exploring that. It's not so much to put
16 you on the spot here, but to think about.

17 MR. HEDGESPETH: Actually there's -- I
18 will -- since they're not in the room I'll suggest
19 someone else to add to that group and that's our office
20 of field operations. You know, our job should be let's
21 get the capital that a small business needs and let's
22 not care what the source is, I mean whether it's

1 conventional finance, a state program, the SBA. You
2 know, that really shouldn't be in the equation.

3 I think sometimes the way our incentive
4 structure and going structure works for our field
5 offices there's a premium on SBA financing. So I think
6 if we could figure out a way to, you know, have our
7 district offices get credit for general finances,
8 whether it's SBA or not, you know, that would go a long
9 way to help break down the barriers between the state
10 program.

11 Maine has a very good program and very often
12 gets a better yield for the borrower than SBA. You
13 know, I think there are some things we can do
14 internally that will have us pulling doors and
15 saying -- going in the same direction.

16 MR. ELMORE: Well, I hear your hint there.

17 MR. HEDGESPETH: Okay.

18 MR. ELMORE: I will follow up on that. Thank
19 you.

20 MR. CELLI: By Maine you mean the state of
21 Maine?

22 MR. HEDGESPETH: The state of Maine.

1 MR. MILLER: Ron Miller. A question, are the
2 application processes for Patriot Express much
3 different than the normal bank guarantee?

4 MR. HEDGESPETH: Yes. Patriot Express uses
5 our express program wide, which means that a lot of the
6 documentation is the bank's own documentation. So
7 that's a lot easier for the bank and for the borrower
8 than our straight 7A.

9 MR. MILLER: I've been working quite a bit
10 with the SBDC in Arkansas and actually we outreach to
11 the banking community first before you got one of these
12 loans that's been talked about. One of the things that
13 the banks there told us was that in doing Patriot
14 Express it had a normal bank guarantee loan, is the
15 application process itself, you have (inaudible)
16 filling out and it may not be correct and they're
17 concerned that if they're not filled out correctly then
18 the bank might not guarantee the loan.

19 So it may be something that you might want to
20 talk about, is to see if you can outreach the banking
21 community and give them some more assurances that, you
22 know --

1 MR. HEDGESPETH: That is a wonderful
2 suggestion and it certainly is going to be on my list
3 with the new administration because we've worked a lot
4 to improve our service in honoring the guarantee. That
5 is our basic brand promise. If we don't pay the
6 guarantee then why should lenders participate in the
7 program. When they do a loan they should have good
8 assurance that if they do the right things in servicing
9 it we'll be there. (Inaudible) we do know that there
10 are some issues on our front end that keep us from
11 honoring that all the time. So it is definitely on our
12 radar screens to educate the new administration.

13 I don't want to leave without just one
14 impression that I want to leave with our just have you
15 understand, because we'll do more research. Right now
16 I can't tell you definitively that veteran loans
17 perform better than our overall loans. Their default
18 rates are somewhat higher than our overall portfolio,
19 but I have a feeling and my gut tells me that that has
20 more to do with their average size being smaller and
21 smaller loans on average default more than larger
22 loans.

1 So what we need to do is go back and dig
2 deeper into our veteran's loans, control for size so
3 that we can say definitively whether they perform
4 better than others.

5 MR. CELLI: Either that or make bigger loans.

6 MR. HEDGESPETH: I would love to do that too.

7 Really both loans are important. As we've kind of
8 thought about it philosophically the small loans
9 support large (inaudible) at its basic level. The
10 large loans create jobs. You know, those are the ones
11 that save jobs and expand because those are fairly
12 sizeable organizations that are identified, borrow half
13 a million dollars, a million dollars. Both are very
14 critical to the success of SBA and that's why I led
15 with the remark that said a lot of our fallout has been
16 in the small dollar lending. I think long term for the
17 nurturing of small businesses in this country that's
18 something we all should be concerned about.

19 MR. ADAMS: Any other questions?

20 MR. BOWER: I've got one more question again.

21 This is Charles Bower, Base Line. Just from personal
22 experience I actually found out fairly recently about

1 the Patriot Express loan program as well. That
2 was -- (inaudible) to one of the earlier comments about
3 the lack of education about the program itself. Quite
4 certainly there is -- there may be a few people out
5 there that do know about it but they're not spreading
6 the wealth as it were. I don't know if it's
7 (inaudible) or what.

8 The question that I have is that over the
9 last six months has there been any (inaudible) loans
10 made? I would -- I inquired about it and was told that
11 only the micro loan program was -- is still functional
12 and the size of that for my company was not sufficient.
13 (Inaudible) the quote I got on the rate (inaudible)
14 credit card. So I just -- I wondered if in fact the
15 information that I had gotten was true and that there
16 was a halt on loans, the program.

17 MR. HEDGESPETH: Not -- definitely no halt on
18 loans. I mean, just understand what's happening in the
19 banking world. We don't make any loans here at the
20 SBA. We -- except for micro loans and disaster loans.
21 We guarantee the loans that banks make. So their
22 cutbacks in terms of lending have had a very serious

1 effect on our numbers.

2 With that said, however, in the first four
3 months of the fiscal year we've had almost 1,000 loans
4 to veterans made for \$121 million. Now 20 percent of
5 all of the Patriot Loans, Patriot Express Loans made
6 since the program started have also been in the last
7 four months. So there are some banks that are, you
8 know, doing loans, doing Patriot Express, doing other
9 kinds of loans to veterans but, you know, I can't say
10 that -- I mean, I do know of cases where there are
11 banks who are totally dependent on the secondary market
12 and for the time being they're not originating any new
13 SBA loans.

14 MR. BOWER: Well, from the SBA contacts that
15 I have been --

16 MR. CELLI: Well, to cut that abruptly short,
17 we do have to move onto our next speaker and I want to
18 thank you for your time here and I also want to
19 encourage you to work as closely with us as we would
20 like to work with you so that we can improve programs
21 for veterans. Thank you very much for your time.

22 MR. HEDGESPETH: Thank you.

1 (Applause.)

2 MR. CELLI: All right. This is quasi an
3 administrative briefing but it's also an extremely
4 valuable briefing I think for our guest speaker as well
5 because I think that it's important that not only our
6 community but also advocates that interact with our
7 committee understand what our boundaries are as well as
8 what our authorities and powers are.

9 Usually our briefings, what we are getting to
10 ready receive is called our ethics briefing, is usually
11 done or has been done in the past in a closed room with
12 just the committee members. So this is a little bit of
13 a different forum than what we're used to, but again I
14 think it's extremely beneficial for all so that we're
15 all on the same sheet of music and the committee is not
16 one that has any secret parts to it. We are an open
17 committee and all of our information is on the record.

18 So I would like to introduce one of the
19 attorneys for the Small Business Administration, Ms.
20 Julie Klauss (phonetic), and she will now go over, and
21 if there are any (inaudible) our ethics review, which
22 is not only something that we need to review annually

1 but it's something that needs to be done formally with
2 all new members. Since we have such a new cadre of
3 members it's a good chance for us to review those.

4 MS. KLAUSS: I feel like I'm at hearing or
5 something, in the spotlight.

6 Hello to everyone. Welcome to all the new
7 members. I recognize a lot of the faces and we have a
8 lot of new people too.

9 I'm here really just to talk to you. Ethics
10 is maybe a harsh word. It's more like standards of
11 conduct and what you kind of think you can and cannot
12 do in your role as a committee members.

13 There is of course for government, there's a
14 body of law for everything. There's a body of law that
15 governs federal advisory committees. It's called the
16 Federal Advisory Committee Act, or FACA, because
17 everything is also an acronym, one of my favorite ones.

18 FACA is kind of the broad based law that tells -- and
19 there's supplemental regulations from GSA for
20 that -- that kind of tell you how these committees are
21 governed and the things that you can and cannot do as a
22 member.

1 First you have to understand your purpose and
2 your purpose is really to be advisory, advise, provide
3 advice and guidance to Mr. Elmore as the AA for the
4 Veteran's Business Development, to the SBA
5 administrator, to Congress, to the President. You
6 provide the recommendations and then it's the
7 government's responsibility to act upon those
8 recommendations if they choose to do so.

9 So your status, and it has been our
10 determination that your status is not, you're not
11 federal government employees for this purpose, you're
12 not special government employees. You're just
13 representatives, you're advisory committee members,
14 which is good news for you because that means you do
15 not have to adhere to the formal government ethics
16 rules, which are financial disclosure statements and
17 the whole cadre of things that go with being special
18 government employees.

19 In you representational capacity we still
20 have some things we ask you to adhere to, which I'm
21 going to review now, but it's not quite as stringent as
22 it would be if you were bound by all of the ethics

1 rules. So if you don't like these rules it could be a
2 lot worse.

3 Things -- I kind of do the do's and don'ts.
4 A lot of this I think should be fairly intuitive for
5 most people. We do ask that, you know, you attend all
6 the meetings that you possibly can. We do ask that if
7 there's a change in your status, meaning anything that
8 could result in a potential conflict of interest with
9 SBA or with the advisory committee, that you disclose
10 that when it becomes knowledge.

11 We do ask you to maintain a certain level of
12 confidentiality. You could possibly be in a position
13 where you're asked by the agency to maybe review some
14 sensitive or protected material. If that's the case we
15 do ask that you honor the confidentiality of that and
16 not disclose it until it's made a public document.

17 We do ask that you seek approval from SBA
18 standards of conduct committee prior to applying for
19 any SBA assistance, excluding the disaster loans. But
20 if you wanted to apply for a 7A loan, or an 8A program
21 or anything like that we do ask you come to the
22 standards and conduct committee first for a formal

1 review.

2 Things that as an advisory committee
3 member -- now remember we're talking about you in your
4 role, your capacity here, the one of the probably 500
5 hats you wear on a daily basis, so a lot of these don't
6 necessarily apply to you in your private life, they
7 just apply to you as a committee member. We ask that
8 you do not lobby or fund raise on behalf of SBA, or the
9 federal government, or this committee itself.

10 We ask that you obviously engage in good
11 conduct. Don't call your character into serious doubt
12 or try to create a conflict of interest for the agency
13 or for the committee.

14 We ask that you don't participate in any
15 matters or make use of this committee to directly
16 affect your personal, your business or your personal
17 financial interests, to actually not, you know, make a
18 profit basically from your position here on the
19 advisory committee.

20 We also ask that you don't use your title or
21 status as an advisory committee member to endorse
22 products or services that are out there from outside

1 entities, federal, state government or other local
2 officials, any official for that matter, or that you
3 try not to obtain special benefits that might not be
4 available to the general public. So basically your
5 role here, you do have a very distinct and finite role,
6 but we ask you not to try to apply that to other facets
7 of your life.

8 Representation, we also as a committee member
9 ask that you do not either pledge that you can, claim
10 that you can or try to advocate for another business if
11 they are perhaps applying for FDA assistance. You
12 can't use role on the advisory committee to try to
13 grease the wheel so to speak inside the agency to help
14 them get a loan, 8A, whatever it is they might be.

15 So I think most of that is fairly intuitive.

16 While you're in your role as an advisory committee
17 member, you know, you're able to speak freely and to
18 advocate the positions that you have or that your
19 constituency might have, but in the outside world we
20 ask that you don't try to say, well -- speak on behalf
21 of the advisory committee if you're not authorized to
22 do so or use that as leverage for some personal gain.

1 I just want to speak to two rules on, one on
2 business cards and one interaction with the media. I
3 know sometimes we get a lot of questions about those
4 two activities. If you have -- I'm sure all of you
5 have business cards for your personal, for your own
6 business or for any other group that you might be
7 affiliated with, and you can certainly have an advisory
8 committee business card, but we ask that you don't
9 combine the two or three. You can have your own -- we
10 ask that you do have your own card and don't do a
11 double sided card that has your, you know, president of
12 ABC Company on the one side and then, you know, we'll
13 pick out the chairman of the advisory committee on the
14 other. So we ask that you keep those two roles
15 separate, separate business cards as well.

16 If asked to talk about advisory committee or
17 if you feel like you need to make statements, whether
18 you're asked by media, by Congress or just in your
19 general interactions, that's perfectly to express your
20 views and we ask that you make I statements instead of
21 like saying I believe this or I recognize this. You
22 can express official recommendations of the committee

1 that have been documented, recorded and submitted to
2 the administrator to Bill Elmore as a committee that
3 you've all voted on, but if there are things that are
4 pending or just personal things we ask that you limit
5 it to things that -- make it sound personal to you,
6 make those I statements.

7 As an advisory committee member you're not
8 officially a representative of SBA or the federal
9 government. That's why we try to ask you please share
10 your opinions but please state them in a way that it's
11 clear that they're your opinion and not the opinion of
12 the agency or the committee unless you guys have all
13 voted on it and it's a document that's recorded.

14 That's pretty much it. I did it in how
15 many -- did I break the record?

16 A PARTICIPANT: Very good.

17 MS. KLAUSS: Pretty good. I know no one
18 wants to keep, have a lawyer sitting in front of them.

19 If you guys have questions or something comes up and
20 you're just not quite sure how to handle a situation,
21 or maybe, you know, opportunities arise all the time.
22 We certainly wouldn't want you to not seize those

1 opportunities in your private life, but if it may
2 affect your work as a committee member please ask
3 questions. Things are easier to deal with on the front
4 end than on the back end when you're trying to do
5 things.

6 So you can go to Bill and he's happy to come
7 directly us and we'll try to resolve the question and
8 comes to the most favorable answer for everybody. Is
9 there any specific questions or --

10 MR. CELLI: No, Julie, I think that you well
11 covered everything that, you know, is standard. I
12 think that all of our questions about what we can and
13 can't do may have been vetted through previous
14 meetings. Unless any of the new members have any
15 specific questions that they would like to ask now or
16 they can ask later --

17 MS. KLAUSS: I do encourage new members to
18 don't be shy about asking questions because we're not
19 here to -- contrary to popular belief say no to
20 everything. We're here to try to make everything work.

21 MR. ELMORE: This is Bill Elmore. Sometimes
22 we ask them to say yes.

1 MR. CELLI: All right. Well, thank you very
2 much and you're keeping us on schedule. I thank you
3 very much for that.

4 MS. KLAUSS: Okay, thank you.

5 A PARTICIPANT: Thank you, Julie.

6 MR. CELLI: Okay, great. What I would like
7 to do now is continue with the introductions of our new
8 members real quick and I would like to introduce Mr.
9 Jeffrey Linscott. Mr. Linscott spent 22 years in the
10 service, as did I, and also retired. But what I find
11 most incredible, and I'm sure that this happened with
12 both a sense of pride but also I'm sure that there was
13 some reserved feelings, he was promoted meritoriously
14 from private to sergeant. I can only imagine in which
15 the circumstances of that took place.

16 He has completed a stunning career with many
17 military duties, and again his bio is available on the
18 website. He now owns and operates an aviation
19 corporation in Portland, Oregon called J&L Aviation. I
20 would like to also thank Mr. Linscott for his diligent
21 participation up until this point and including today,
22 his thoughtful remarks, and I would like to allow him

1 ten minutes to introduce himself.

2 MR. LINSKOTT: Jeffrey Linscott. I served in
3 the Marines, the Army and the Air Force Reserve, 22
4 years, 4 months and 1 day but who counted them all.

5 When I testified last May before the
6 Commission on the National Guard and Reserve one of my
7 comments that was quoted in the report was I can speak
8 Marine, I can speak Army, I can speak Air Force, but I
9 couldn't speak SBA. I think that's an issue, that will
10 speak to an issue of how we can interface with DOD and
11 VA, because our true customer doesn't know how to speak
12 SBA and from experience if you don't speak SBA you
13 really don't get assistance. That is a true statement.

14 Perhaps one of the things in life I'm most
15 proud of is I'm a true capitalist entrepreneur. In
16 order to make major I started out private in the
17 Marines, and in order to make major I had to have a
18 bachelor's degree. I was the last of the Mustangs,
19 class of '87 at the Arizona Military Academy. So I
20 was commissioned without a degree.

21 Well, in order to make major I had to have a
22 degree. My senior project was a business plan called

1 J&L Aviation and I submitted it to three banks and I
2 got a call in the middle of the night from Green Tree
3 Finance in Minneapolis/St. Paul and found out I was
4 going to get funded and I could go to work. It wasn't
5 until 2003 when I had a disaster occur that I ever
6 received any assistance from the SBA or anything to do
7 with the SBA.

8 So up until that point I didn't even know the
9 SBA had a veteran's business development officer in
10 existence. How did I find that guy? I called Ron
11 Cannon at ESGR because he had attended many, many
12 mobilization briefings, and I called Ron and said,
13 "There's got be somebody here that can help me. I'm a
14 veteran business, just got off active duty and I'm in
15 disaster. Who can help me?"

16 He said, "Well, call James Stiner
17 (phonetic)."

18 "Who is he?"

19 So we have a lot of work ahead of us.
20 Outreach is really high on my list. MREIDL is a real
21 issue to me. It has some improvement but I think it
22 really could go the next step maybe further. But

1 that's how I got started in my own business world and
2 I've been growing on an average of 20 percent a year
3 every year since. The only thing that limits me at
4 this point from growing further is additional capital
5 to grow. I've been limited in the amount of capital
6 that I can finance myself.

7 Additionally seven folks my payroll. Only
8 one is not a veteran and he would have been a veteran
9 but he medically disqualified to join the Army after
10 high school. So I think veteran small business, I
11 don't target necessarily veteran only it just seems
12 that veterans always -- my staff has only ever had one
13 non-veteran on the staff since existence. It just
14 seems that we all worked together from our military
15 associations or in my career field of aviation most
16 young men and women get their education in aviation
17 through the Armed Forces. They apply and it just
18 (inaudible).

19 So I'm real excited to be here. The small,
20 ultra small entrepreneurial spirit, the company grew to
21 \$1.6 million in sales last year and with the additional
22 capital -- we declined many opportunities -- we

1 probably could have broke \$2 million. So this year I'm
2 hoping that we can grow again, but we will have to see
3 how that goes.

4 MR. CELLI: Thank you.

5 MR. ELMORE: I would like to make a comment
6 and embarrass Jeff a little bit. Bill Elmore.

7 This goes to what Jeff was saying about
8 outreach and part of the problem is what we haven't
9 done well enough. Jeff found me, if I remember
10 correctly, through Jim Stiner. So he had to find
11 Stiner and then Stiner had to put him to me and he had
12 to find me and catch me at my phone. With that and with
13 my direct intervention we managed to help him learn
14 about, apply to secure and MREIDL loan at literally the
15 last minute of his business's livelihood five years
16 ago.

17 MR. LINSCOTT: 2003 or 4 actually. I funded
18 it in 4.

19 MR. ELMORE: So he was fortunate and he found
20 me, and I was fortunate that I found him, and we made
21 the system work. But I have to say it's a hell of a
22 way for a system to have to work because not every

1 reservist is going to find me and not every time they
2 do find me am I going to be in a position to be able to
3 push, pull, prod enough to get it done at the last
4 minute.

5 So that's my statement. That's one reason
6 why I promoted Jeff's name as a member of this
7 committee, because he brings that real experience to
8 our table.

9 MR. LINSKOTT: Thank you, Bill. The down and
10 dirty MREIDL process in a nutshell, 18 months to get
11 approval. It took the associate director of the SBA
12 nine or eight declines. It took Senator Widen's
13 (phonetic) office to request from (inaudible) Ford to
14 re-look at please one more time. I wrote the White
15 House 180 e-mails. President Bush's correspondent
16 secretary sent me a letter and said he's well aware of
17 your situation. Please stop e-mailing him every night.

18 So I have that letter, it's kind of neat.
19 After losing half a million dollars and returning home
20 as the sole employee it was brutal, it was absolutely
21 brutal. I would be flying contracts because we work
22 out in the field and disaster would call me and say,

1 oh, we need one more thing.

2 "Well, I'm not going to be home for 12 days.

3 Can we work without it?"

4 "No, (inaudible) the package."

5 So it was really a simple process that took
6 180 -- or 18 months to achieve, and in that time my
7 disaster -- my damages were still going and so I ended
8 up losing a lot more money than I perhaps could have,
9 would have, should have, but we got the loan and I've
10 made good of it ever since. So it's near and dear to
11 my heart. I think it's something that is a phenomenal
12 program that veterans need. I would be glad to be your
13 sub-chair committee leader on that issue.

14 So thank you.

15 MR. CELLI: Dennis? I would like to
16 introduce Mr. Dennis Burns from the Office of
17 Administration --

18 MR. BURNS: Public Liaison.

19 MR. CELLI: Public liaison, right. In other
20 words he's the ad guy.

21 A PARTICIPANT: And you're on the record,
22 Dennis.

1 MR. BURNS: Yes. Well, let me say hello to
2 all of you and thank you so much for being here. Let
3 me also mention that Jeff despite his difficulties
4 early on has been a poster man for us for quite some
5 time and has been very instrumental in helping me get
6 the word out on Patriot Express, not based on his full
7 experience but based on his understanding of what a
8 good program it is and what it does for veterans. We
9 appreciate that, Jeff, a lot.

10 Let me just say that in an answer to a
11 question earlier, what are we doing with regard to
12 getting the word out on Patriot Express. Since it's
13 inception on June 28th we have probably put out perhaps
14 25 press releases, about 50 op eds. We've had about 10
15 to 12 speeches by the administrator or the deputy
16 administrator. We have -- we've had district offices
17 that are doing hundreds of interviews on Patriot
18 Express, the eight district offices. I could go on.

19 Is this to say that we have done it all? No.
20 We can do much, much more and we plan to with your
21 help and assistance and with all of the other resources
22 that we're hoping to get and to expand upon as you well

1 know a successful program gets when it snowballs.

2 I am seeing that turn. This morning we did
3 an interview with Bill for Federal News Radio, a seven
4 minute interview that goes to an endpoint, to an
5 audience here inside the Beltway. This afternoon a
6 district director is doing a piece on KOKO, which is in
7 Seattle. That will be to yet another audience. The
8 Dayton Business Journal did a piece, et cetera, et
9 cetera.

10 During the next few days you will see the
11 news media pick up on that new release and on the
12 efforts of our communications network that we have. In
13 each one of the regions we have a regional
14 communications director and each one of those regional
15 communications directors in each one of the districts
16 has a public information officer. They are guided and
17 directed by our office and they're also expected to
18 achieve certain things via (inaudible) the process.

19 So I appreciate having this opportunity to
20 talk to you. If you have any questions of me please
21 feel free to ask me. I can tell you that in the field
22 of public affairs I've been around for 40 years and

1 served as the television station manager 40 years ago,
2 I was a 21 year old television station manager on the
3 USS Intrepid in New York. So thank you very much. I
4 appreciate it.

5 (Applause.)

6 MR. CELLI: Before I introduce our next
7 speaker I would like to just cover a few things and
8 while I'm doing so do you have an electronic
9 presentation that you want to present?

10 A PARTICIPANT: I'll set it up.

11 MR. CELLI: Can we work on getting that
12 queued up?

13 A PARTICIPANT: Yeah, I need to -- is Cheryl
14 here?

15 MR. CELLI: As we went through -- as we went
16 through today a lot of the discussion a very common
17 theme seems to emerge and really that is, you know,
18 continuity and the fact that we're very splintered in
19 some ways group. I think that that is starting to
20 coalesce a lot more lately, it's starting to come
21 together. I know that I have a particular idea of how,
22 you know, we can join together. I've made those views

1 well known to some of you.

2 I think that Mr. Garcia is exactly correct
3 and I think that the only way that we're going to make
4 any significant impact with our community, with our
5 veterans and with our leaders is if we work together.
6 That doesn't always necessarily mean that we're going
7 to agree on the best way forward, but we can at least
8 agree to talk about it and put forth some of
9 our -- some of our ideas that we can all agree are
10 important, now regardless of what order that might fall
11 into for some of the different organizations.

12 The -- it's unfortunate because the
13 interagency task for idealistically is really supposed
14 to help facilitate that. That's one of the things that
15 we're waiting to implement. Congress is now starting
16 into the 111th first session of our new leadership and
17 they are in fact reaching out to some of the -- some of
18 the groups that they know have paved the way for
19 veterans entrepreneurship, specifically to figure out
20 what their agenda is going to look like.

21 I can tell you that I am personally, I don't
22 want to say nervous but I am definitely mindful of the

1 fact that in this new and very exciting time with the
2 new administration and all of the new ideas on moving
3 forward that veterans, business and veteran
4 entrepreneurship do not appear anywhere in the
5 President's agenda. Please be aware of that. That's
6 very important.

7 Does that mean that the new administration,
8 the President doesn't care about veteran
9 entrepreneurship? Absolutely not. That is not what I'm
10 saying and that is not what it means. What it means is
11 that we have to do a better job as a community to make
12 the administration aware of our program, how we plan to
13 help our community and how we plan to grow our economy.

14 So a lot of the work that we do really should
15 have some of those focuses in mind. We are right on
16 schedule and I would like to introduce the President
17 and CEO of the Veteran's Corporation, Mr. James Mingey,
18 and the -- we talked a little bit about our committee
19 and how it's established. We talked about Public Law
20 106-50 and how it established not only our committee
21 but the Office of Veteran's Business Development that
22 Mr. Bill Elmore runs, and in addition it also created

1 the organization, the Veterans corporation. In 1999
2 the Veterans Corporation was chartered by Congress and
3 had a choice whether they wanted to become a for profit
4 or a not for profit organization because there was no
5 direction telling them which way to go. They have
6 chosen to become a not for profit organization and they
7 were initially funded by Congress from 1999, scheduled
8 to be funded through 2004. They have since been funded
9 by Congress from 2004 to the present. As Bill
10 mentioned earlier they currently live on the continuing
11 resolution, which is due to expire on the 6th of March.

12 Mr. Mingey has just recently been hired as
13 the president and CEO and (inaudible) -- and has taken
14 his office now as of the 1st of January. So with that,
15 Mr. Mingey, welcome.

16 MR. MINGEY: Good morning, Mr. Chairman,
17 distinguished members of the committee, veteran service
18 organizations and valued members of the veteran
19 business community. I'm James F. Mingey, president and
20 CEO of the National Veteran Business Development
21 Corporation. I am privileged to have the opportunity
22 today to report on that status of TBC, to share our

1 plans and recommendations with you and incoming SBA
2 administrator, Karen Mills.

3 Entering 2009 veterans find themselves at
4 particularly difficult moment in our country's history.

5 As we sink deeper into one of the most profound
6 recessions we've ever faced an enormous number of
7 veterans from Iraq and Afghanistan are returning home,
8 hoping to find work. As we are all painfully aware
9 they are entering the worst job market that our nation
10 has seen in decades. More than ever veterans,
11 service-disabled veterans, members of the Guard and
12 Reserve, surviving spouses and parents need and deserve
13 our help finding and creating jobs and businesses.

14 The Veterans Corporation is one of the few
15 organizations dedicated entirely to helping veterans
16 become successful in business and the only one whose
17 board of directors is appointed by the President of the
18 United States. As such I am confident that TVC can
19 rise to the challenge of helping my fellow veterans.

20 I think it's important to note right away
21 that I took this position as president and CEO with the
22 full knowledge of the corporation's history and its

1 inability to meet mandates described under Public Law
2 106-50. Change is needed.

3 As you know a recent report by the Senate
4 Small Business Committee criticized TVC's failure for
5 meeting mandates of PL 106-50. Although the Senate
6 report had inaccuracies in many respects, I certainly
7 agree with the fact that the corporation has not met
8 its legislative requirement to become self sufficient,
9 and self sufficiency is a challenge and requirement
10 that I fully accept.

11 Trying to bring the Veterans Corporation back
12 to the original tenets of PL 106-50 and to better serve
13 our veterans is now my new order of the day. I know
14 the veterans business resource centers are a particular
15 concern to this committee, so I would like to address
16 the future of these centers before I just discuss my
17 general business plan for TVC.

18 For the moment the uncertain status of our
19 funding is the greatest impediment to continue support
20 of the VBRCs. Through monies received as part of the
21 continuing resolution in the past and present and
22 active last fall, TVC has been able to provide \$11,666

1 a month to each of the three VBRCs in St. Louis, Boston
2 and Flint. That funding ends March 6, 2009. However,
3 if the Senate would accede to the House position of
4 \$3.2 million in FY 2009 for TVC we would be able to
5 fully commit to fund each of these centers at \$250,000
6 annually this year.

7 I look forward to working with this committee
8 and they have asked me to come up with a plan that best
9 serves the mission of VBRC. However, as TVC moves
10 towards being self sufficient any transition plan we've
11 developed will take time and in the interim it is
12 TVC's responsibility to ensure VBRCs can continue to
13 provide assistance to veterans.

14 I urge this committee to support FY 2009
15 funding for TVC to bolster our ability to do so. I
16 believe that VBRCs are an important component of TVC's
17 service delivery model and I want to make it clear to
18 this committee that I am committed to assuring their
19 continued viability. Practically speaking and because
20 of legislative and ethical obstacles, the path of least
21 resistance would be VBRCs in Flint, St. Louis, Boston,
22 to be funded is to continue to fund TVC.

1 Since TVC's inception in 1999 I am the first
2 real veteran entrepreneur to ever hold the position as
3 president and CEO. I'm an entrepreneur who has created
4 and maintained over a thousand living wage jobs in the
5 last five years. I have significant accomplishments in
6 financial service history over the last 30 years. For
7 the past three years I've worked directly with hundreds
8 of veteran entrepreneurs providing whatever advice and
9 assistance they required. I've traveled around the
10 country meeting face-to-face with many.

11 In working with these entrepreneurs I've
12 found there are two major areas that have not been
13 adequately addressed by initiatives currently in place.
14 Access to equity capital that bridges the gap between
15 cash requirements and new business and the loans
16 provided by banks, an accessible comprehensive
17 resources that provides veterans up-to-date, qualified
18 information about programs they can utilize. TVC will
19 take a leadership role addressing these needs and
20 challenges.

21 What I am about to share with you is what I
22 discussed with TVC's board during the interview process

1 and this is why they hired me. As president of TVC
2 I've already begun to improve and implement a plan to
3 address these gaps in coverage. I would like to
4 outline that for you now and then I'll open the floor
5 for comments, questions and constructive criticism.

6 To address this lack of access to equity
7 capital TVC will create veteran economic opportunity
8 funds or VEOF. Simply put VEOF will be structured like
9 a traditional venture capital fund, but it will use a
10 double bottom line approach to ensure that investments
11 are both profitable and good for veterans. Over the
12 last few years use of social venture capital model has
13 been increasing, but thus far the model has not focused
14 specifically on the veteran population.

15 Over the next six months TVC will be seeking
16 equity for public and private sources of capitalized
17 VEOF. Once capitalized VEOF teams will then reinvest
18 the capital in veteran owned businesses that fit our
19 investment criteria.

20 By using the model I've developed we will be
21 able to leverage the wide variety of services already
22 available to veterans in such a way that we can

1 increase the likelihood of success for each individual
2 business and in the process develop a profitable
3 business portfolio. As that portfolio matures it will
4 generate a revenue stream that will ultimately make TVC
5 self-sufficient. For a more detailed account of VEOF's
6 execution plan please take a look at the VEOF summary I
7 will be distributing after these remarks.

8 To promote real change VEOF will need
9 relationships with investment ready businesses. I
10 would like to highlight four of these businesses today,
11 projects I have helped incubate as part of TVC's
12 access to capital (inaudible). These businesses
13 reflect a new direction that TVC is taking. They are
14 businesses that will be run by veterans and built for
15 veterans. Each of these businesses is dedicated to
16 helping veterans while dealing with some of the most
17 pressing issues veterans are facing right now.

18 First, Memphis, Tennessee. Construction is
19 already underway on a commercial real estate project
20 that will house a service-disabled veteran on call
21 center. It will be managed by Stephen Hamercker
22 (phonetic), an experienced call center operator who has

1 developed a successful call center that services
2 Fortune 500 companies. The call center will produce
3 living wage jobs for veterans on an upwardly mobile
4 career track.

5 Secondly, (inaudible), healthcare business is
6 currently developing an Internet based cognizant
7 behavioral program for returning OES and OIS veterans
8 who suffer from PPSD. The Prevail program is of
9 particular interest to us because it is a cost
10 effective way to provide mental health treatment to
11 veterans that are unlikely to seek treatment on their
12 own due to negative stigmas associated with seeking
13 mental health assistance in the military and veteran
14 community.

15 Prevail Health Solutions program addresses
16 key problems that conventional mental health
17 (inaudible). The Prevail program will (inaudible) that
18 can be addressed by any veteran in the privacy of their
19 own home. Further, with limited interaction the
20 program is cost effective, scalable, without
21 sacrificing the efficacy of the treatment.

22 Thirdly, Joe Briggio's (phonetic) American

1 Center for Healthcare, a home healthcare program
2 dedicated to serving severely disabled veterans. ACHC
3 was founded by Joe, a veteran, after his son returned
4 from Iraq paralyzed from the neck down. Six years
5 later Jay Briggio is still considered one of the most
6 critically injured soldiers to have survived the Iraq
7 war.

8 Inspired by his son's strength, and with the
9 help of the Veterans Corporation's access to capital
10 programs, Joe decided to create ACHD to look beyond the
11 basic needs of home care and provide a quality of life
12 for the soldier that is equal to the quality of their
13 service. But we're not helping the Briggio family just
14 because we empathize with their situation. Joe has a
15 great business plan. It's been supported by the
16 highest levels of the VA. It's replicable across the
17 country and has the potential for providing quality
18 healthcare for severely disabled veterans regardless of
19 their geographic location.

20 The fourth company I would like to highlight
21 is one that I think best addresses the agenda and the
22 tenor of the new Obama administration. The change

1 collected for veterans is website currently being
2 constructed that will allow veteran entrepreneurs to
3 rate lending institutions as programs in the veteran
4 business community as well as ask questions and share
5 advice about creating and managing businesses.
6 Essentially the (inaudible) collective will be an
7 online community and a home for veteran entrepreneurs
8 that will provide transparency with the entire process
9 of creating and managing a business. As it grows and
10 expands we hope it will provide transparency and demand
11 accountability from all veteran service providers.

12 I would like to conclude by echoing President
13 Obama and saying that we have a lot of work to do. We
14 need to get to it immediately. I have been at the helm
15 of the Veterans Corporation for approximately 41 days
16 now and I've hit the ground running. In my six weeks
17 as CEO we have submitted a grant to McCormick
18 Foundation, we've become an investment banker to Joe
19 Briggio, assisted Joe in conversations with high level
20 VA procurement officials, attended a progress meeting
21 for our call center that is going to be create 80 jobs
22 for veterans, and have helped created and change

1 collective for veterans. This has already garnered
2 early support from one FBDC and VBOC as well as score.

3 It's time to change the way we provide the
4 services to our nation's heroes and create standards
5 and accountability for all veteran service providers.
6 It's also the Veterans Corporation's duty to make help
7 as readily available for veteran entrepreneurs as
8 possible. To that end we've commissioned this public
9 service announcement, which is a no nonsense three
10 minute video for all prospective veteran entrepreneurs.

11 (Video played.)

12 MR. MINGEY: Sorry about the technical
13 difficulties there. I would like to --

14 (Video played.)

15 MR. MINGEY: Sorry about that technical
16 difficulty. In addition to sharing with out TVC's
17 activity for the coming years I would like to directly
18 answer the questions posed to me in the letter
19 (inaudible) committee, a comprehensive analysis of the
20 number of veterans since the (inaudible) will be
21 available to this committee later in March when TVC's
22 annual report to the White House and the Congress is

1 finalized.

2 Finally I would like to make a few
3 recommendations regarding legislation policy to improve
4 the ability to complete your mission of serving veteran
5 entrepreneurs. Make new market tax credits available
6 to Patriot Express loans, just as the SBA has with
7 community express loans and similar programs. We agree
8 with the committee that PL 110-186 and believe this
9 committee along with the incoming SBA administrator,
10 Karen Mills and TVC should request as soon as possible
11 that President Obama appoint an interagency task force
12 in order to improve capital and business development
13 opportunities for and ensure achievement of the
14 pre-established federal contracting goals for veteran,
15 service-disabled, veteran owned businesses that will
16 allow all service providers to collect real data, or
17 excuse me, correct -- create a cooperative veteran
18 entrepreneur help desk that will allow all service
19 providers to collect real data which will allow us to
20 take a continued service approach to assisting each and
21 every veteran entrepreneur.

22 I would like to thank the committee for

1 allowing me a chance to present our plan to you today
2 and I now have the opportunity to blend my nice work,
3 skills to help my fellow veterans and the communities
4 they live in. My fervent hope is that I can help
5 preserve and improve TVC to show President Obama and
6 the Congress that if TVC refocused on the original
7 tenets of PL 106-50 can do some real good for veterans.

8 I pledge to you today that I will not give up on any
9 future promise that the Veterans Corporation has. That
10 would be a step backwards for all veterans. We should
11 not take a step backwards ever.

12 I'm happy to take questions. Anyone here on
13 our proposal -- I mean, did they hand out the
14 Veterans --

15 A PARTICIPANT: We're handing that out right
16 now.

17 MR. MINGEY: Okay, good. So there's really
18 two things here. We're in a transition period that we
19 have to figure out how to help VBOCs at least to exist
20 in the short term and hopefully transition into
21 something better over the rest of the fiscal year.

22 Secondly, we have a plan that we are

1 executing to make TVD self-sufficient over the long
2 term. We don't believe we can do anything alone. We
3 would like help here to be able to do it rather than
4 being an island that so many of the veteran service
5 organizations have been acting as in the last nine
6 years. I've only been here a month-and-a-half but this
7 law has been around for nine years. There are folks
8 that have been here for nine years. It's time to get
9 to work and get this thing done.

10 So with that I'm happy to answer any
11 questions about our model, our plan, what we can do to
12 help this committee make veteran services better. Yes,
13 sir.

14 MR. ADAMS: Jim, Paul Adams. Is there any
15 chance that the TVC could become a community
16 development enterprise or one of those entities that
17 exist under the CDFI, the program --

18 MR. MINGEY: The plan is -- the plan is -- my
19 background is community development for 20 years and I
20 have created CDEs. The plan that's being, that's being
21 handed out here is a morph if you would of an existing
22 CDE that will be capable of being a conduit for new

1 market tax credits for SBA loans.

2 What's interesting about -- I've been part of
3 this committee before, not in this role, talking about
4 new market tax credits because one of the problems
5 right now is the lack of resources for technical
6 assistance. Well, under new market tax credits you're
7 actually required to submit a plan that addresses
8 technical assistance.

9 So there are resale sources available right
10 now that we can compete for at the United States
11 Treasury. Typical average awards are 50 to \$60 million
12 on these new market tax credits. That would generate
13 in excess of \$1 million in technical assistance
14 privately that would be available to facilitate veteran
15 loans.

16 So the -- it's imperative for me that what
17 I've asked SBA to do for some time now is to make
18 Patriot Express simplify qualified. They've already
19 done this before with two of their other loan programs.
20 It doesn't cost anything to do it. They just need to
21 do it. So I highly urge this committee to make a
22 recommendation to them to do it and not do it after

1 this committee -- in deference, Billy, you suggest that
2 there's --

3 MR. JENKINS: Okay, yes.

4 MR. MINGEY: -- a study needs to be done
5 under 106 or 186. It's not a study, it's a report.
6 186 supposedly -- or was it 110, 186, requires that the
7 bill appoint five people from -- that already work in
8 existing federal agencies, that are already being paid
9 by existing federal agencies. It doesn't require any
10 money to start the committee and I'm sure like you
11 distinguished people on this committee the other
12 portion of it is appointing volunteers for the veteran
13 community to execute the task force. We can do that
14 right now. We could have done it six months ago, but
15 I'm urging you to really push for it right now.
16 Without that tool I don't think your committee frankly
17 can get anywhere without that tool. So I highly urge
18 you to make that happen.

19 As far as the new market tax credits, it's
20 just an untapped bonus that any VSO organization right
21 now can apply for these tax credits and use them for
22 small business development. Unfortunately the banks in

1 this country have been -- this is a \$15 billion
2 economic development program that has an average loan
3 of over \$3-1/2 million. It was originally geared for
4 small business. They commandeered 15 billion. There
5 will \$3-1/2 billion worth of tax credits give out this
6 year and about 1 percent of them go to small business.

7 The resolutions that have been passed by the American
8 Legion, the resolution passed by Veterans (inaudible),
9 and I would like if there was such a resolution for
10 this to be passed to say that the United States
11 Treasury should give at least 40 percent of these tax
12 credits to small businesses and the SBA should make
13 this program eligible. It's that simple.

14 Let's just -- we're not asking for a handout,
15 we're just saying let us compete, at least let us
16 compete.

17 MR. WYNN: I've got a quick question. Joe
18 Wynn, (inaudible). I appreciate your presentation and
19 some of the ideas you have put forth about working with
20 TVC (inaudible). I just have a quick question about
21 your economic opportunity fund and going out to public
22 and private entities to generate, you know, build up

1 the chest (inaudible) for that fund. What's your
2 feeling right now about, you know, in light of what's
3 happening in the country and the economic situation on
4 getting funding to build up that fund and again in turn
5 to (inaudible)?

6 MR. MINGEY: Well, you've got to have good
7 deals and they have to be ready to go. The call center
8 we're building is in the ground. It's gotten grants
9 from local and county, the county in Memphis,
10 Tennessee. It's already received and funded a Commerce
11 grant to build an incubator. It has a \$7 million loan
12 that's the new market tax credit loan from a bank. It
13 is happened.

14 So we have an entrepreneur that's been
15 successful in building a successful call center
16 business and in the call center business if you're good
17 at it, and it's a competitive business, you can get 10
18 percent on (inaudible). So can we get money for that
19 particular business? Yes, indeed.

20 Today I've asked some of the entrepreneurs
21 we're working with to come here. In the back Rich
22 Gingler (phonetic) is back there. Rich -- stand up and

1 say hello here.

2 MR. GINGLER: Hi.

3 MR. MINGEY: Rich is a former fighter pilot
4 from Iraq that came home, went back to business school,
5 has his own business dreams and got together with a
6 gentleman in Chicago who knew a lot about psychological
7 counseling. We're not working with Rich because he's
8 doing a good thing for PTSD. We're doing -- Rich has a
9 plan that has already received a Patriot Express loan,
10 that has already received equity for his first round,
11 has already received a National Science Foundation
12 grant, and expects to receive a grant from McCormick
13 Foundation that's going to give a test, it will test
14 300 veterans this year and then make this business
15 eligible to be an IPO candidate. It's a terrific
16 business model, it does a terrific thing.

17 Over on this side we have what we think is
18 our star of home healthcare in Virginia. Joe Briggio
19 is probably -- he's one of the heroes of the Iraq war
20 because his son is a hero who came home. It is
21 heartbreaking what has happened to his family, but what
22 good of it came out of it is Joe is the most

1 experienced healthcare provider for severely disabled
2 veterans in the country. None better. He can do any
3 kind of healthcare. He does (inaudible).

4 That business plan was put together, vetted
5 before -- when Joe went into the VA -- we now have
6 support from the medical director of the (inaudible)
7 here in Washington, D.C., the head of the division, the
8 head of the Small Business Development person and the
9 head of procurement over there. We're not worried
10 about getting the market or making Joe's business.
11 They asked -- their only question they had was could
12 Joe deliver the service. Joe has been delivering the
13 services and improving, doing a continuous improvement
14 program. He has an excellent business plan.

15 Unfortunately we had this technical -- this
16 promo here is really just to say what some of you
17 already said here today, that we all need to be working
18 more together here and we're going to go out and do
19 public service and say come on in, overload us with
20 people. If we can't deal with it we'll send it to the
21 VBRCs and we'll send it to the VBOCs, but we will
22 go -- our mantra is that we turn around and call a

1 veteran 24 hours. That means turn it around, call and
2 find out what he wants, see if he's got a viable
3 business plan, ship him to a VBRC, ship him to a bank.

4 This gentleman from -- you're from --

5 A PARTICIPANT: Oring, Oregon.

6 MR. MINGEY: Oring, Oregon. There's a
7 gentleman by the name of Jeff Taylor who runs the U.S.
8 Bank, a Patriot Express that's in San Diego. Jeff is a
9 terrific person. His son is an Iraq veteran. They are
10 very active in Patriot. All of their branches aren't
11 educated as to, you know, how to do it, but if you want
12 Jeff will take your call. Jeff will, Jeff will make
13 that happen and educate that person. They're a very
14 good partner and we need to give awards to banks like
15 that who are doing good things in that area.

16 So that portion of it can be consolidated and
17 I think this committee can make that happen. We don't
18 think we're the end all here. We're not looking
19 to -- you folks -- Pat, I visited Pat in January. He
20 runs a terrific VBRC. He needs a little bit more
21 resources. He's got some young veterans coming along.
22 He knows how to nurture them and make things happen.

1 If somebody could just give us some temporary funding
2 we can bridge him over. He's a perfect person to put
3 on that committee, the task force committee, to show
4 people how to do that.

5 But in the interim somebody has to fix
6 something here or these three VBRCs are going to be
7 shut down. So I -- yes, sir?

8 MR. VARGAS: Mr. Mingey, Felix Vargas here.
9 I also would like to express my gratitude for your
10 presentation. I think it was focused and had some very
11 good examples of what TVC can do. I noted at the time
12 that you were appointed to your position and you
13 mentioned that whatever TVC would do could be done in
14 tandem, in engagement with other stakeholders,
15 including veteran service organizations. I would hope
16 that you remain true to that. I didn't see any
17 evidence of it in here but, you know, having that kind
18 of contact and input is indispensable.

19 My question is with respect to the plan, this
20 is not your strategic plan, this is a few elements of
21 the plan, what is your time line for putting your
22 strategic plan together and is there processes and ways

1 that we can help you in that regard?

2 MR. MINGEY: It is a draft of a plan that is
3 the key element of a strategic plan. PL 106-50
4 requires that veteran focused (inaudible) and frankly I
5 think it probably should have discriminated after its
6 first go around because of that fact alone.

7 Unfortunately I think the political situation was that
8 they could not do that because of the war (inaudible).

9 The strategic plan here is to implement that.

10 Failure in implementing that plan I just put in front
11 of you is I consider death to the TVC. They have to be
12 taking a role that other people are not taking,
13 providing equity and adding that to people like VBRCs
14 or -- if I could give you a few equities, Pat, how many
15 more deals could we do? A lot.

16 So that's our strategic plan, become an
17 equity player for small business in various
18 communities. Now the trimmings on it of long term are,
19 you know, just trimmings to me. I'm an entrepreneur.
20 This is the first job I've had in 30 years. So I'm
21 just getting to work here and I'm going to be doing
22 these. My main thing is raising capital, get out the

1 door. We have to raise capital for that plan. That's
2 not an idea, that is an active plan that needs to get
3 funded by -- and I'm talking about the private portion
4 of this must be funded in the next six months or it's a
5 failure, absolute failure. So get to work.

6 So -- but in the meantime our responsibility
7 is to the network to provide services. We have to make
8 that transition. I'm willing to work with anybody.
9 I've come to Bill twice and said, you know, why doesn't
10 it fund a private help desk here that can act as an
11 interim model to consolidate the service delivery? Why
12 not? I would be happy to do that out of the house
13 funding that's already been approved if someone would
14 let me and allow whatever is built to be owned by the
15 veteran community and not be owned by any one
16 particular entity.

17 That's the service portion of it, but the
18 strategic side of this is I'm -- you get what you eat
19 here. So if this fighter pilot in the back, if his
20 plan doesn't work his butt is on the line. He signed
21 for the loans, he's committed to certain things. If
22 this doesn't work for him he's out of business, he's

1 all out there. I'm going to help him anyway I can to
2 get as many grants, as many equity deals as he can to
3 make his business successful. That's our new role.

4 The name of this corporation is not the
5 Veterans Corporation, it's the National Veterans
6 Business Development Corporation, and that's what we're
7 going to do from now on. We're going to develop
8 businesses. Where we add value they'll pay us.
9 They've agreed to pay me something if I actually
10 deliver. If I don't deliver he'll kick me out the door
11 in a month, the tough fighter pilot.

12 So that's it. That's the plan, is to provide
13 services, incubation services to veterans and if we do
14 add value to charge them for it. Where we develop this
15 (inaudible) we're at risk right now for over \$1
16 million, which we will never get back if we don't make
17 it work. If we do we certainly deserve a piece of the
18 pie for developing that business.

19 So business development, getting into risk
20 capital, being -- making that a tool and making it be
21 one that anyone can replicate it. If we want to do an
22 equity fund in St. Louis, watch what I'm doing. If I'm

1 successful then just take -- then just say fine, run
2 with it. (Inaudible) I would be happy to come down to
3 St. Louis and do it.

4 MR. CELLI: Mr. Lowrey, I had a question.
5 Could you introduce yourself because you came in after
6 initial introduction.

7 MR. LOWREY: Yes, Juan Lowery (phonetic), the
8 Economic House Committee, subcommittee. Two questions.

9 MR. MINGEY: Sure.

10 MR. LOWREY: One, obviously the veteran
11 community has been champions of VBC so the veteran
12 community (inaudible). So what outreach are you doing
13 in that area, and two, what are you doing for outreach
14 to the VSO community?

15 MR. MINGEY: Okay.

16 MR. LOWREY: And two, most importantly, how
17 much does TVC have in its bank account today?

18 MR. MINGEY: TVC has approximately 300,000.
19 I don't have the number right here, about 300,000 in
20 its account. It has a few months worth of funding
21 before -- it doesn't get any funding under -- there's
22 two scenarios here. There's a CR that happens. If the

1 CR happens the entity gets continuing funding through
2 the end of the year. That's kind of a hold in place
3 strategy but it allows the centers to stay open, get
4 funded at least at the levels they're at right now.

5 If there isn't a CR that means that Congress
6 is going to have to negotiate the appropriations bill.

7 If they negotiate the appropriations bill they're
8 allowed to give TVC what the House has already
9 approved. The House has approved a budget of \$3
10 million, which is almost twice the appropriation that
11 we had last year. We can take -- on a partial basis
12 now because if they gave us additional it wouldn't be
13 for a whole year, but on a partial basis we can take
14 excess funds and bring the three VBCs up to their
15 reasonable whole funding and also contribute to a tool
16 that this committee and other people could use along
17 with 110-186 to develop the outreach that you're
18 talking about.

19 For our own purposes, though, since I've been
20 here, my intention is to do what Mr. Adams was talking
21 about. I've already been to the SBDC network, I've
22 already been to score. We're going to share technology

1 and use that regardless of what happens. If they have
2 some good technology we can leverage it.

3 MR. LOWREY: I maybe need to (inaudible) on
4 that point and outreach. What I'm saying is it is
5 (inaudible) and I guess you're very well aware that was
6 critical of TVC and (inaudible) in process.

7 MR. MINGEY: Right.

8 MR. LOWERY: So have you reached out to them
9 and said this is who we are, this is what we're doing,
10 this is what we intend to do, putting those in line
11 because there were quite a number of VSOs that had I
12 guess statements within their own organization that
13 said, hey, we support TVC. A lot of those have been
14 rescinded, so what are you doing to utilize those, to
15 have like the American Legion who had one?

16 MR. MINGEY: Well, the main one has not been
17 rescinded and what I did was I reached out to Mr.
18 Sharpe who helped facilitate a resolution for the new
19 market tax credits and I was very direct and said,
20 well, you didn't support the additional funding for TVC
21 because you don't want it to be the entity that
22 essentially facilitates all the VBRC work, et cetera.

1 That's over here. Are you still willing to support an
2 entity that's going to be self-sufficient or use new
3 market tax credit that can benefit the veteran
4 community?

5 The answer was an unequivocal yes. So I have
6 done that reach out. It doesn't -- I understand their
7 opinion and they're entitled to it, but as far as what
8 they expected the Veterans Corporation to be it didn't
9 meet their expectations. So now it's becoming
10 something else. Is there anything useful there for the
11 Veterans Corporation to help this (inaudible).

12 According to him, at least on that
13 initiative, they will be professional and work with
14 TVC. That same resolution has been supported by the
15 Vet Force, to support an initiative where we would do a
16 \$50 million application to under this, this new markets
17 program, and hopefully they would get the benefit.
18 They're will to participate in the actual application
19 if they elect to. They would have to, you know, review
20 it.

21 But we're willing to allow any VSO to
22 participate in this because those resources, whether we

1 are facilitating them or any other VSO is facilitating,
2 are needed. For instance, not to keep picking on you
3 here, Pat, but if he's in Missouri and we do an
4 application and say we're going to go after \$100
5 million of new market tax credit application, I would
6 reach out to him and say can you implement \$10 million
7 worth of new market tax credit, do you have
8 entrepreneurs, would you do that?

9 Well, of course he would. That's part of his
10 mission to do it. So the inclusion of it, of that sort
11 of program, would be all inclusive as far as I'm
12 concerned. Any VSO organization can do that.

13 From the equity side that we're developing
14 we're going to be -- we're open source. When you do a
15 security you're going to have to file it with the state
16 securities commission, you're going to have to say what
17 it is. I'll look at it. I would be happy to -- I've
18 just given you the outline of it, but that's the deal.

19 That will be expanded into a full securities risk
20 analysis, sources and uses, you know, whatever is
21 required for federal and state security laws, and it's
22 an extensive process and we would be happy to go

1 through it in order to just do it, but we will do that
2 and we will make it available to anybody.

3 MR. CELLI: Mr. Mingey, we haven't had an
4 opportunity to introduce Mr. Mackrell yet, but he does
5 have a question and based on the topic that you're
6 currently on I believe he's qualified as somewhat of an
7 expert in this area as he is the chief executive
8 officer of the New York Business Development
9 Corporation, which we can get more into later through
10 your introduction, but Mr. Mackrell had a question.

11 MR. MINGEY: Fire away.

12 MR. MACKRELL: Forgive me because this is
13 very basic (inaudible) the meeting and it's actually
14 the first time I've heard of the organization.

15 If a veteran calls you seeking business
16 assistance in locating loans in (inaudible) U.S. banks
17 and you facilitate that relationship is there a fee
18 charge to the veteran?

19 MR. MINGEY: No.

20 MR. MACKRELL: Okay. If you have (inaudible)
21 you're talking about the (inaudible) what kind of fee
22 models do you work with, without disclosing anything

1 proprietary, what are the fee models that you --

2 MR. MINGEY: Well, here's a good example.

3 (Inaudible) the Veterans Corp. website and maybe these
4 people can help me get into -- so he calls up and he
5 has a preliminary interview with me and he tells me
6 about his business, what he's trying to do, et cetera.

7 It doesn't cost anything to talk, especially from a
8 sophisticated (inaudible). Here's how you go access a
9 Patriot Express loan in Chicago, Illinois, so he did.
10 But he knew when he went in there there wasn't enough
11 money to execute his plan. We didn't leave him at that
12 level. We knew that they had some -- they had some
13 needs to understand how the equity markets work.
14 They're smart and they can execute, but they needed
15 overall assistance.

16 We got on an airplane and we went to Chicago
17 and I've been there many times advising them, saying
18 here's what I would do, here's this. They made a
19 decision and said, all right, we're going to go with
20 this thing and it worked. They've raised half a
21 million dollars on their first time out. I was very
22 confident that they would be able to do it because they

1 had a great plan. So that's --

2 MR. MACKRELL: I was just asking what the fee
3 was on that level.

4 MR. MINGEY: On, that level right there?
5 They raised -- we helped them -- they raised -- of the
6 additional 500 -- or the initial \$500,000 that they
7 used we did not bring one dime to the table. We helped
8 with the strategy, we helped them put together -- so we
9 did not earn a penny for that.

10 On phase two, which we're still involved with
11 here, we have an agreement with them where if we
12 provide equity and/or grant dollars through our
13 non-profit they will pay up to 10 percent of that
14 amount to the Veterans Corporation for delivery of that
15 actual capital.

16 MR. MACKRELL: If I could just ask one more
17 question.

18 MR. MINGEY: Sure.

19 MR. MACKRELL: The four projects which you
20 talked about, they're fairly sizeable projects for
21 capital. On the other hand you're talking about
22 relatively small little (inaudible) new market tax

1 credits. What do you -- what's your idea of a small
2 loan?

3 MR. MINGEY: The average is \$88,000.

4 MR. MACKRELL: All right.

5 MR. MINGEY: The average size of the Patriot
6 Express loan right now is \$88,000.

7 MR. MACKRELL: How do you deal with the issue
8 in the industry (inaudible) a fee for (inaudible) new
9 market tax credits (inaudible) do you disagree?

10 MR. MINGEY: There are three people in the
11 marketplace right now including Coastal Enterprises in
12 Maine and including a large organization in Wisconsin
13 that are doing small loans. You don't have to -- the
14 transactional cost up here for doing one are going to
15 be considerable to put the whole application together.
16 They're doing Internet loan documents for new market
17 tax grants right now. It doesn't cost (inaudible).

18 MR. MACKRELL: Okay, that's what I have.

19 MR. CELLI: Thank you. I have -- I'm sorry.

20 A PARTICIPANT: My question was from my
21 understanding of the situation you had a lot of VSOs
22 that were against TVC and people saying funding should

1 be cut off. You've come in for 41 days and have a
2 plan. Past history has been there's been a lot of
3 plans that have come out of the TVC that have never
4 gotten implemented, but we're at a point now where that
5 with the continuing resolutions if there's not more
6 funds that come into TVC it's basically going to die on
7 the vine.

8 What I'm -- as a background it's my
9 understanding of the situation. My question really is
10 what could be done now or what do you -- to be able to
11 basically say, look, we're going to give the TVC one
12 more chance of being able to demonstrate certain things
13 are going to happen if more money is brought into it
14 and we can convince people that it's not money going
15 down, you know, bad money, more money after bad money,
16 but this is something new and different and they will
17 be able to see something concrete if they appropriate
18 money for the TVC in the next appropriation?

19 MR. MINGEY: It's something they see concrete
20 first of all on a CR. It's providing a transition in
21 management. It is irresponsible in my mind to shut the
22 thing down on Monday and say, well, we're done with

1 that from a management perspective. If there's not a
2 CR and there are actually other funds available they
3 should be targeted funds that meet the goals of the
4 committee like this to facilitate this all for one, one
5 for all type of service.

6 Whatever that comes out of that effort
7 through the rest of this year then the community in
8 total (inaudible) that's the value added there. From
9 the standpoint of the self sustainability plan that
10 stands on its own. I don't expect our government to
11 invest any dollars into self sustainability. Either
12 those are private dollars available or social venture
13 capital or you're not using that plan.

14 A PARTICIPANT: If I could follow up then.
15 If Congress says we're not going to appropriate any
16 more money to the -- I know you said it's not the TVC
17 but that's what we're referring to, to the TVC, could
18 it continue under your other program being
19 self-sustainable or does it need bridge funds to get to
20 that point?

21 MR. MINGEY: Well, I've got kind of an
22 interesting public relations early start here but I

1 knew what was going on here before I took this job.
2 So, yes, I believe that the summary I distributed
3 there, which will be formally submitted to the TVC
4 board on March 22nd, is a self-sustainable social
5 venture capital plan regardless of what happens. It's
6 not going to be pretty because you're going to have to
7 cut resources and cut services to make that happen and
8 transition over. It's not going to be pretty at all.

9 But is that plan, can that plan stand alone
10 on its own? Yeah, it's not going to be the same entity
11 but I believe that TVC has to go out of business. I
12 think that the way that I read everything now is that
13 there isn't going to be any funding after September
14 30th of this year, no future 2010 funding. I'll go
15 ahead and make that assumption. Maybe there is, maybe
16 we can come in there and say we can act as an actor
17 here and we'll transition people into next year and we
18 can add to the value (inaudible).

19 But that's -- prove it to me first and then
20 (inaudible). We're just talking about until the end of
21 9/30/09.

22 MR. MACKRELL: Let me ask just one more quick

1 question.

2 MR. MINGEY: Sure.

3 MR. MACKRELL: Could you explain the footnote
4 at the bottom of this, (inaudible)?

5 MR. MINGEY: Yeah. This plan potentially was
6 incubated under an entity that I controlled called The
7 National Economic Opportunity Fund. So the seed
8 investments made to the call center, the seed
9 investments made in the medical services businesses,
10 were made by institutional banks, Wells Fargo, some
11 banks, and me putting actual capital.

12 Unfortunately when you go become a CEO of a
13 non-profit you now become subject to private
14 (inaudible) rules so that I cannot gain from these
15 individual investments. So what I have to do is
16 anything that would come to me in connection with these
17 businesses has to be pledged, assigned, transferred
18 through the (inaudible) but to go to the non-profit.
19 So money that essentially would have been due me under
20 a plan implemented privately has to stay with VBC.

21 MR. MACKRELL: So you take a job for
22 (inaudible). You take a job, you give up \$600,000 for

1 an entity which was (inaudible)?

2 MR. MINGEY: I don't think so. No, I never
3 said that. Obviously I wouldn't have taken the job. I
4 think that --

5 MR. MACKRELL: I'm just saying that -- there
6 appears to be more than meets the eye here.

7 MR. MINGEY: Well, what meets the eye here is
8 the combination of an entrepreneur incubating
9 businesses with a non-profit that has a board of
10 directors appointed by the President of the United
11 States maybe has a chance of surviving. You know what,
12 it's worth a try. It's worth a try not to give it up.

13 So all I'm asking is can we try?

14 MR. CELLI: I've had this conversation with
15 you before and I'll admit I don't completely understand
16 the financial technicalities that you've gone over here
17 today. I'm going to ask a couple of questions and I
18 apologize if they're elementary.

19 Before I do that I just wanted to clarify
20 what you said a few minutes ago is that if TVC receives
21 no further federal funding as of March 6th it is your
22 opinion and position that TVC will continue to function

1 at least through the end of the year. Is that correct?

2 MR. MINGEY: TVC will continue to function as
3 far as I'm concerned until it has to file for
4 bankruptcy or if the Congress of the United States says
5 we're going to pass a law saying it doesn't exist, then
6 it won't exist. As far as on the -- as far as I'm
7 breathing I'm going to be going out and getting capital
8 for that entity to continue its existence. So, yes.

9 Now the problem is in the short term you have
10 a cash flow squeeze, which unfortunately affects the
11 VBRCs directly. So what I'm proposing here is use TBRC
12 to help you with this transition and then whatever
13 happens as far as the merger of the VBOCs and the
14 VBRCs -- what this is all about, gentleman, is
15 standards. Someone has to create a common standard for
16 these networks. Some of you already have standards
17 that can maybe be blended in, but there needs to be
18 one. It's not going to be TVC. I'm happy to cooperate
19 with that, I'm happy to continue your fund centers as
20 long as it takes, as long as Congress provides those
21 monies for that, but if Congress is saying no, there
22 will be no monies to support VBRCs I am not a magician.

1 You are going to have fend for yourselves on how you
2 do that. It's not going to -- I'll try and help you
3 anyway I can.

4 MR. CELLI: No, no, no.

5 MR. MINGEY: I don't know what --

6 MR. CELLI: I was asking about the parent
7 organization, the core National Veterans Business
8 Development Corporation. I mean, I just want to make
9 sure that the committee has -- because you're asking us
10 now to consider getting together and talking about some
11 kind of support for the National Veterans Business
12 Development Corporation and I want them to have a clear
13 picture if one 7 March we all wake up and Congress has
14 passed the 2009 budget and TVC is in fact not included
15 then the likelihood of TVC being able to self-sustain
16 until October 1 is a strong likelihood, no likelihood
17 at all?

18 MR. MINGEY: Strong likelihood.

19 MR. CELLI: Okay.

20 MR. MINGEY: Not funding the VBRCs.

21 MR. CELLI: I understand that.

22 MR. MINGEY: But a strong likelihood to

1 survive through the end of the year and further.

2 MR. GARCIA: Let me ask a question if I may.

3 I want to try to understand also.

4 MR. CELLI: Okay.

5 MR. GARCIA: My understanding is then that

6 TVC --

7 A PARTICIPANT: Your name?

8 MR. GARCIA: John Garcia. TVC as a

9 non-profit organization with or without Congress's

10 support, funding, you're going to continue to exist

11 anyway, you're going to try at least --

12 MR. MINGEY: We're going to try at least.

13 MR. GARCIA: You're going to try, you're

14 going to give it as best effort, go find the funding.

15 My question is if that happens what happens to the

16 funding that is to go to TVC, it's going to be

17 redirected?

18 MR. MINGEY: There won't be any.

19 MR. GARCIA: There won't be any, is that what

20 you're saying?

21 MR. MINGEY: You know, I'm sorry, somebody

22 else was asking me a question.

1 MR. GARCIA: The funding to keep TVC legs
2 running if by some chance in March it isn't funded
3 you're stating that TVC is still going to continue and
4 find its funding, do whatever its going to do to keep
5 life in it. What happens to the funding then that was
6 to go to TVC?

7 MR. MINGEY: It's gone.

8 MR. GARCIA: It's gone completely?

9 MR. MINGEY: There needs to be a new vehicle
10 in order to fund the new -- or the old entities and
11 hopefully new entities. That doesn't exist, sir.

12 MR. GARCIA: That's doesn't exist? There's
13 no plan or anything so -- okay.

14 MR. ELMORE: Bill Elmore. It's in your book
15 that the Senate report suggested that TVC receive no
16 more congressional funds from Congress and that those
17 funds be provided to my office --

18 MR. GARCIA: Okay, that's what I was trying
19 to get at.

20 MR. ELMORE: -- and those three centers would
21 then come under my office. I tried to touch on that
22 earlier this morning when I said the centers that I

1 presently fund are competitively chosen. If Congress
2 acts on that report that would be an uncompetitive
3 process and I think there are people on the Hill and I
4 hope as the new administration comes in will try to
5 look at how do we facilitate it if this is what is
6 decided by Congress and the administration, how do we
7 facilitate the transfer of those three centers to my
8 office but try to keep intact the integrity of the
9 competitive selection process for centers.

10 MR. GARCIA: But that funding would come into
11 your office then?

12 MR. ELMORE: Once -- that's what the
13 committee report recommended. Whether or not Congress
14 would take that step is simply unknown.

15 MR. GARCIA: All right.

16 MR. CELLI: I can tell you because of course
17 I am very involved in this whole process and I can tell
18 you that I am aware of language that has been submitted
19 to appropriations from the Small Business Committee
20 that was drafted last year in kind of an emerging
21 situation when centers came under jeopardy of not being
22 able to continue further last year that said -- and it

1 was an appropriation that was designed around the
2 thought process of four centers at \$200,000 per center,
3 with the money being appropriated through -- and the
4 language that I saw doesn't say through the SBA but I
5 understand that what's called the committee language,
6 which is the discussion that takes place regarding the
7 official language, and it's going to say that the money
8 be directed through SBA and directed to centers that
9 were previously funded under the act that created the
10 National Veterans Business Development Corporation,
11 which only leaves the three centers that are currently
12 operating and one center that used to have a grant
13 under TVC out in California.

14 There have been many efforts to try to -- to
15 try to deliver funding for veterans business outreach
16 centers. None of those efforts to date have yielded
17 any fruit, not for a lack of effort. Maybe -- I don't
18 know why. But the truth of the matter is there have
19 been a couple of efforts through different stimulus
20 packages last year, different appropriation vehicles.
21 I can only tell you that they continue to try to find
22 some way to keep these centers alive because what we've

1 been led to believe is that the Senate and House
2 committees both believe that at a minimum these centers
3 have value that they want to pay for.

4 MR. MINGEY: Our contention is, and I
5 appreciate your point, but our contention is if they
6 can create some sort of earmark that would be
7 designated like that that's one thing and it might work
8 legislatively but the problem is how do you create
9 standards for these same three centers and have a
10 (inaudible)? So if you're really going to put them
11 into the Small Business Administration then effectively
12 you're asking Mr. Elmore here to select at least two of
13 these (inaudible) that are on this committee for
14 selection of grants that are going to continue.

15 MR. GARCIA: Let me ask you a question if I
16 may. John Garcia again. Would you or would you
17 support a mechanism of sort, a support mechanism of
18 contracting directly with the states?

19 MR. MINGEY: Absolutely.

20 MR. GARCIA: Then why hasn't that been done
21 in the past? Any ideas?

22 MR. ELMORE: Well, from the perspective or my

1 outside observations, like I've said I've only been
2 here a month, but basically this organization
3 attempting to essentially spread thin amounts
4 (inaudible) because it was not viewed as an effective
5 strategy. What was hoped for was doing more VBRCs. So
6 when that happened this organization can discount.

7 There wasn't any other organization available
8 to do just that. Your comments before intrigued me too
9 because if you could have a mechanism to actually
10 increase VBRC state by state that would be wonderful.
11 In fact I'm not saying that TVC does not want to even
12 continue starting VBRCs. We have a relationship with a
13 man in Texas right now that's been doing small business
14 consulting for years, he's a veteran, and he called me
15 up and said, hey, listen, I think I could get a
16 \$100,000 grant to start a VBRC down here. Would you
17 sponsor this?

18 Of course I would sponsor. Now I would
19 expect ongoing that he would adhere to the standards
20 that evolve in the industry. But you could do the same
21 thing if you suggest the state agencies or cities. The
22 city of Houston now has -- it's the only city in the

1 United States that has its own veterans affairs
2 department.

3 MR. GARCIA: Well, as you know, it's -- if I
4 may.

5 MR. ELMORE: Oh, sorry. I just wanted to
6 comment. Bill Elmore. I would have to check, John,
7 but I think states are eligible in our competitive
8 process but Ramona is my COTAR on that. COTAR is the
9 contract manager and I would have to go back and review
10 the language to make sure that's the case. If it's not
11 then the committee can certainly recommend and I will
12 note here that if states are not eligible to compete
13 through our system then I certainly support that if the
14 attorneys would allow me to.

15 MR. GARCIA: I just feel that's a key missing
16 ingredient that I don't see anywhere is that the states
17 are not involved. The state directors or secretaries
18 that work with all of the veteran communities are not
19 engaged this, and I'm just going to use the case in
20 point. Four years ago when I went before NASDVA and I
21 was already what you're talking about I asked all my
22 state directors how many of you are engaged in business

1 development. Not one hand went up. It really
2 surprised me.

3 Since then we've got at least ten states now
4 that are engaged in business development, doing kind of
5 what we're doing. But it surprised me that Vet Corps
6 and all the other entities aren't engaging the states.

7 MR. MINGEY: This committee as far as I'm
8 concerned has an opportunity here to say where do we
9 access some free resources basically to enhance the
10 VBRC network. There is a House bill that's already
11 gone through, it has money in it for the rest of
12 (inaudible). I am happy to sit down and direct that
13 money to go towards the purpose (inaudible) these three
14 centers. That's all we can do.

15 MR. ADAMS: Jim, Paul Adams. If you became
16 self-sufficient and the extra funds that you had would
17 you be using those to support a --

18 MR. MINGEY: Absolutely.

19 MR. ADAMS: -- VBRC network?

20 MR. MINGEY: Yes. The long term -- the long
21 term objective for the -- it should be the same but,
22 you know, you've got to support yourself before you can

1 build a network.

2 MR. ADAMS: So if you received money that
3 would allow you to keep these open without a cash flow
4 crunch until the end of this fiscal year and your
5 belief is that you would be able to be self-sufficient
6 to keep those going forward, in other words you could
7 get off the taxpayer dole and use this to build a
8 network and sustain --

9 MR. MINGEY: Yeah, I think -- my -- as we do
10 this plan I'm not saying we're going to become a
11 venture capital company and we're just going to do
12 veterans deals and that's all we do. I'm saying we
13 have to do that to become self-sufficient. I'm saying
14 as we do that and some of the money in the plan is just
15 laying there, it's just philanthropic money, just for
16 the heck of it it's philanthropic money. It's what
17 they call EQ money or coming out of a foundation going
18 through this venture investment. They want to have the
19 mission completed. You're not going to get the money
20 without (inaudible). So the answer is unequivocally
21 yes.

22 MR. CELLI: Well, Trevor had a question but

1 what I really want to defer to you as Trevor's boss is
2 to whether you want to have him, you know, raise the
3 question.

4 A PARTICIPANT: Absolutely.

5 MR. SUMMERFIELD: And this is on behalf of
6 Jim, and again this is Trevor Summerfield with the
7 Veterans Corporation. But what I wanted to ask you,
8 Mr. Chairman, is directly because the Senate Committee
9 hasn't gotten around to inform us what their issue is.

10 I had no idea they had submitted language to the
11 appropriators. But as Jim had said it is our grave
12 concern that we keep you guys open. Was the language
13 you were talking about before the earmark bill that was
14 stripped or the earmarking language that was stripped
15 from the resolution last year? Is that what you were
16 referring to, to providing dollars directly to the
17 VBRCs?

18 MR. CELLI: I --

19 MR. SUMMERFIELD: Because that will help me
20 understand what we need to do in cooperation with you
21 to ensure that you move forward.

22 MR. CELLI: I was not a party to

1 witnessing the actual language that you are discussing.

2 I can tell you that the language that I had seen was
3 very careful not to be considered earmark funds and
4 therefore did not specifically mention the center
5 (inaudible) and the center (inaudible). It just said
6 in kind of an ambiguous language that these monies are
7 directed to centers that were previously -- or outreach
8 centers that were previously funded under CJS --

9 MR. SUMMERFIELD: Okay.

10 MR. CELLI: -- which really narrows the field
11 of competition for that particular money.

12 MR. SUMMERFIELD: Who was the -- who would be
13 the oversight for those monies?

14 MR. CELLI: And again it wasn't specifically
15 directed, it wasn't specifically mentioned. I would be
16 happy to forward you what I have.

17 MR. SUMMERFIELD: Yes, that would be great.

18 MR. CELLI: It's not (inaudible).

19 MR. SUMMERFIELD: Yes, I understand. Thank
20 you.

21 MR. ELMORE: Just a point I want to make. I
22 think -- sorry, Bill Elmore from SBA. Thank you, Paul.

1 You're really good at that.

2 The ethics briefing we had earlier this
3 morning, and I just wanted to mention this on the
4 record since we're on the record, if the scenario were
5 to happen that the funds end up blowing through SBA,
6 regardless of how they flow through SBA, my office,
7 some earmark, or some other way and I can't tell you
8 that that will happen, that's not up to me, but should
9 it happen then I think the two members on this
10 committee, Mr. Celli and Mr. Heavey, would probably
11 need to do what Julie Klauss briefed us on earlier this
12 morning and that is talk to that committee that's
13 established to make some process, judgment on whether
14 or not there's conflict and if there is they probably
15 would be in a position to make a decision to accept
16 funds from SBA and perhaps leave the committee or stay
17 on the committee and not accept funds.

18 I wanted to mention that because I've heard
19 from others before that is there going to be a conflict
20 that we have two VBRC directors on the committee.
21 So --

22 MR. CELLI: You know that being -- all right.

1 MR. ADAMS: We do have to break for lunch in
2 part because we have the VA in at 1:30. There's a
3 history behind the VA. The last time they were going
4 to come here we got tossed out of the building. So we
5 need to make sure that whatever do to wrap this up so
6 everybody has a chance to eat and get back by 1:30 so
7 we're all here smiling when the VA shows up.

8 MR. CELLI: And before we do I -- we have on
9 the agenda for this afternoon a half hour for a
10 presentation by the Veterans Entrepreneurial Task
11 Force. Unfortunately Mr. Wynn who was going to be
12 delivering that presentation has been called away to a
13 meeting that he cannot get out of and would like to
14 have five minutes to kind of cover what he was going to
15 cover then and then that will also help us.

16 Would you like to come tomorrow in the
17 morning and do your presentation?

18 MR. WYNN: That's good, yes.

19 MR. CELLI: Okay, we can do that. We'll
20 switch it to tomorrow morning.

21 MR. WYNN: (Inaudible.)

22 MR. CELLI: Okay.

1 MR. ADAMS: At the beginning tomorrow, from
2 9:00 to 10:15? We only have two short presentations,
3 so whatever is convenient for you between 9:00 and
4 10:15.

5 MR. CELLI: I absolutely hate to cut this
6 short. It's discussions like this that, you know,
7 fundamentally have a lot of (inaudible) and it can
8 literally go on for hours, but we do have to find a
9 place to put a hard stop in. What we can do is we
10 have -- if we have issues that we would like addressed
11 or specific questions for Mr. Mingey we will be happy
12 to share his e-mail address and you can continue on
13 e-mail.

14 MR. MINGEY: Or if anybody would like --

15 A PARTICIPANT: Just a little process step.
16 Anybody that's going to go buy lunch, if you go down
17 and outside the building we have a hot dog stand, you
18 have two restaurants, I would say carefully, to the
19 left and one to the right. If you want to go more than
20 half a block you can go underneath the overpass and go
21 a couple blocks that way and there's a couple of more
22 places. I can't recommend any of them.

1 MR. CELLI: With that said we're officially
2 off record, on break. Please try to return and be
3 seated at 1:30, yes, at 1:30.

4 (A luncheon recess was taken.)

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1 A F T E R N O O N S E S S I O N

2 MR. ADAMS: -- Both within SBA, but we have
3 our own bosses appointed by the President just like the
4 administrators. Now if we're on the record too I
5 should also say this is the proper -- it's time for me
6 to make the disclosure statement that anything we say
7 at advocacy or is in our work is not necessarily the
8 view of the administration, the SBA or anybody outside
9 of advocacy. This is our own work and it's not cleared
10 by anybody else.

11 So each one of you should have one of those.
12 If somebody doesn't have one I can go get a few more.

13 A PARTICIPANT: There's two more on the
14 table.

15 MR. ADAMS: Okay.

16 MR. CELLI: All right, thank you, Joe. See
17 you tomorrow morning. All right, great.

18 So with that, Gail, are you ready?

19 MS. WAGNER: Sure.

20 MR. CELLI: All right. It looks like they're
21 queuing up your presentation now. As soon as they can
22 find a password.

1 A PARTICIPANT: Hello, Gail.

2 MS. WAGNER: Hey.

3 MR. CELLI: What I would like to do now
4 is -- are we all here?

5 MS. WAGNER: It's a pretty full room.

6 MR. CELLI: Yes. There will be more joining
7 us as soon as they come in and get seated.

8 For those of you who do not know Gail Wagner
9 is the director for the Center for Veterans Enterprise,
10 which is the answer that the VA has come back to the
11 tenets of Public Law 106-50. 106-50 as we talked in
12 great detail about this morning created our, again our
13 group, it created Bill's office, it created TVC that
14 we've spoke with earlier, and it also reached out to
15 the Secretary of Veterans Affairs and said, you know
16 what, you know, you guys need to put something together
17 as well.

18 Their answer to that, and it has been growing
19 ever since and I dare say is one of the largest
20 components to continue grow stemming from that
21 legislation. So Gail is now the executive
22 director -- in a minute, yeah. I would like to

1 introduce Ms. Gail Wagner.

2 MS. WAGNER: Thank you so much. You know, I
3 never go anywhere by myself because I get in trouble
4 when I do, so I'm here today joined by two of my
5 fabulous colleagues and our former director, Scott
6 Dennison. He was director of the Office of Small the
7 Disadvantaged Business Utilization in VA for 20 years,
8 retired on January 2nd. I think Mr. Dennison is here
9 to make sure that I get my facts right, so thank you
10 for joining us today.

11 In the back of the room, I'm sure you already
12 met her, is Nolena Pollard, chief operating officer for
13 the Center for Veterans Enterprise and the day-to-day
14 work would not happen without her guidance and tutelage
15 of our staff. So she is here today to help me with the
16 technology aspects of this particular presentation if
17 we get there.

18 To summarize the presentation and before we
19 begin I would like to deliver the warmest regards from
20 Secretary Shazecki (phonetic) and our chief of staff
21 John Gingrich. They applaud that each of you has
22 answered the invitation to serve our nation as members

1 on this committee. As you know servant leadership is
2 very high on this administration. So we are thankful
3 that you are contributing to this cause, we are
4 thankful that you are here to understand what happens
5 with the business owners as they market federal
6 agencies and federal corporations, and as you try to
7 craft improvement opportunities for the program. So
8 anything that we can do from VA that will support your
9 mission and we hope to understand in the next hour
10 better what direction your group is taking, we are
11 certainly most willing to do so.

12 We were asked to prepare remarks for you on
13 four subject areas. One is the accomplishments that
14 the Department of Veterans Affairs has achieved with
15 the service-disabled veteran owned small business
16 program. Two, what are we doing in outreach this
17 particular fiscal year, how are we working with other
18 organizational elements to drive forward the growth of
19 this movement. Three, what is our strategic view for
20 the next three years. And four, what we would like to
21 see from VA that the committee take on as action items.

22 Well, I'm going to race through the first

1 three because we really want to focus on how we move
2 forward and where we think that you can have maximum
3 impact from this body.

4 Now it's all --

5 A PARTICIPANT: It's likely not going to be
6 up for a while.

7 MS. WAGNER: That's fine. We'll just move
8 forward with it.

9 With regard to accomplishments, I am prouder
10 than proud to report that the Department of Veterans
11 Affairs last fiscal year achieved double digit
12 accomplishments in both the service-disabled veteran
13 owned small business program and the veteran owned
14 small business program. What does that mean, double
15 digits? We achieved more than 15 percent of our total
16 procurement dollars in direct spending with veteran
17 owned small businesses, 15 percent. Now of that 15
18 percent we reached more than 12 percent with
19 service-disabled veterans.

20 So you're sitting there thinking 15 and 12
21 what the heck does that mean. What that means is that
22 the Department of Veterans Affairs, one single federal

1 agency, spent more than \$2 billion in one fiscal year
2 with veteran owned businesses, \$2 billion. Of that 2
3 billion, 1.6 billion, with a B, went to service
4 connected veterans and businesses, direct spend. We
5 far surpassed our goal.

6 I remember, and I'm looking at Scott because
7 he was here during the hard times, when this program
8 first launched, 106-50 first launched and Bill you were
9 there, we spent the first four years hearing from
10 agencies throughout government it will never happen. 3
11 percent is impossible to achieve.

12 Joe, what happened? Secretary Powell at the
13 Department of State made the first breakthrough. This
14 was before Public Law 108-183 and the set aside tool
15 for service-disabled veterans. Secretary Powell made
16 it.

17 What happened after that? VA got embarrassed
18 because we're the department whose primary mission is
19 to support veterans. So once Secretary Powell at State
20 beat us we said uh-uh, you know, we've got to get our
21 act together. We made it the next year and we've made
22 it every year after that.

1 So we don't hear, Bill, any longer any
2 criticism of the program structure that we used to
3 hear. The nature of the chaff has changed.

4 MR. ELMORE: Yes, it has.

5 MS. WAGNER: Another thing that we're hearing
6 a lot of is we're hearing from the more successful
7 business owners now. So the tone of the conversations
8 have changed. It's changed from the federal government
9 is never going to be any good and this program has no
10 meat on it to now we want to contribute as part of our
11 legacy and give back to the newer generation. We want
12 to help set the table so that they can launch quicker
13 than we did, and they can stabilize their families
14 faster than we were able to, and they can contribute
15 back to their communities through job creation and we
16 can restore our neighborhood. It's the veterans who
17 are stepping forward to make that happen.

18 So that's my proud pitch. VA, through VA
19 we've made big numbers. We've got some other business
20 that we'll talk about, but just remember when we get to
21 the bad business just remember the good VA we made good
22 numbers, okay.

1 So now -- well, you know, we've been doing it
2 for a couple of years. The rest of the federal
3 government is having more challenges and you will hear
4 from that, from them, about those challenges
5 specifically within their walls. I can give you my
6 outsider's perspective of some of the impediments that
7 we believe if removed could rapidly increase their
8 progress in achieving the will of Congress and the
9 President to reach that 3 percent goal government wide.

10 Some of the other achievements that we've
11 reached recently in the Department of Veterans Affairs,
12 well specifically in the Center for Veterans Enterprise
13 we maintain a call center where we talk with veterans
14 all day long. We also hear from acquisition teams,
15 prime contractors. So they all come through
16 interactive call center and we track the metrics really
17 closely. Last fiscal year we had 67,000 connects. In
18 21 of this fiscal year we had 16,000 connects. So
19 we've got a little bit of volume going through our call
20 center.

21 In addition to that you want to know what
22 we're doing to reach the overall community of disabled

1 veterans and I'm proud to say that through Scott
2 Dennison's leadership the veterans benefits
3 administration in VA every year sends a cost of living
4 adjustment letter to the disabled veterans and every
5 year since 2001 we have been included in that letter.
6 So when a vet -- let me tell you if the don't read
7 anything else from VA in the course of the year they're
8 going to rip open that envelope to see what their
9 monthly check is being adjusted to. That's the one
10 thing that they read and keep and we are always in that
11 letter.

12 In addition we no have -- and thank you,
13 Cheryl, for making that happen. We now have 23,000
14 businesses in our database. Now if you go there today
15 you won't see all 23,000 of them because one of our
16 focuses is to keep the data clean. So if you go to our
17 public database today you will see about 16,000. We've
18 got about 6,500 behind a firewall because these owners
19 have not kept their information current in the past
20 year. So we put them behind the firewall and we try to
21 connect with them and find out what's going on with
22 them.

1 Thank you, Nolena, next. That's the slide
2 that we were talking about. One of the
3 things -- excuse me for stepping in front of the
4 slide -- one of the things we want you guys to work on
5 is for those of you who can't read this at the back
6 room, the dark blue line is the service-disabled
7 veteran owned government wide achievement through
8 fiscal year '07, the last year for which SBA has
9 certified data. That government wide achievement is at
10 1.01 percent.

11 This pink line is the subcontracting
12 achievement. Now look at where that line stops. It
13 stops at fiscal year '06. So one of the things that
14 we're going to want this body to focus on is how can
15 government overall improve accessibility to information
16 because there is a tremendous lag time in our ability
17 to find out what is going on in prime contract awards,
18 not so much but a little bit. You know -- and I might
19 be getting in the weeds here but I'll do it anyway.

20 In prime contract awards the reporting system
21 shuts down October 30th. We then have a couple of
22 months to make sure that all of our data looks good

1 before we send it to the Small Business Administration.

2 So by December 30th of every year we've sent our data
3 for the prior year over to SBA, those of us who are on
4 time. Now not every agency is.

5 In subcontracting that time frame is just
6 odd, and Bill will -- if you're interested in this
7 topic Bill will clue you in more on that odd time line.

8 But the point I want you to remember is if we're going
9 to be true advocates for this program, and if we have
10 the leadership commitment and support from the
11 Secretary of Veterans Affairs, we need to get better
12 information and we need to get it faster. Nolena,
13 next.

14 This is the (inaudible) we won't linger on
15 that, next.

16 Oh, now this is where we talk about the other
17 agencies impediments. This slide shows you federal
18 contract actions with the veteran owned small
19 businesses and with the service-disabled veteran owned
20 small businesses. Blue is federal wide, red is VA.
21 Now you can see that there are -- now we're just one
22 agency, but we made most of the transactions. That

1 slide should not look like that.

2 So one of the things that we need this group
3 to look at is why is VA posting higher numbers than the
4 other 62 agencies that report to the federal
5 (inaudible) data system? What are the differences?
6 Knowing that it's not the unique buying authority that
7 VA has, because we made our numbers a long time ago as
8 did State. Next.

9 That's just protest. This is just -- we
10 thank -- Bill, please, relay this to your friends in
11 government contracting. We thank everyone in
12 government contracting for the support in finalizing
13 the protests that come to the service-disabled veteran
14 owned small business eligibility office.

15 That slide looks pretty horrible, but it
16 doesn't really represent that many numbers. We have
17 about 28 protests last year. So if you look at the
18 prior slide where we have thousands of actions and we
19 only have about 28 sustained protests, this program
20 appears to be okay as far as self policing goes. We
21 don't appear to have rampant problems in here. Next.

22 Okay, where are we going in outreach?

1 Because the new leadership is not yet fully seated I
2 will tell you once -- we don't know where we're going
3 on outreach. I know where we're going this year, and
4 this year as we have in the past we work with the
5 interagency (inaudible) directors council, they meet
6 every month, and every year in April they have their
7 annual small business conference right here in the
8 area. It's a big, you know, hoo-ha show. 2,500 people
9 are expected, 500 exhibitors. VA is the lead sponsor
10 agency this particular year.

11 So we're putting a lot of, you know, time and
12 effort into making sure that that's a good show this
13 year. That's April 22nd. The information is available
14 on (inaudible).gov.

15 Now Nolena is our protocol and our
16 recognition program officer as part of her duties as
17 COO. Nolena has stood up the awards program, the
18 champions of veterans enterprise awards program for a
19 number of years now. It's become one of the showpiece
20 moments for the program inside the walls of VA. We
21 offer awards to anybody who does good stuff,
22 individuals, teams, other agencies. All the

1 information is available on (inaudible)biz.gov. We
2 really take it seriously. We have an interagency panel
3 consisting of not only federal officials but also
4 non-profit, judges, that look at these applications for
5 this award. We take this award very seriously and we
6 hold it in a very special place in our heart.

7 We've expanded that. It used to be just a
8 luncheon. We've expanded it to an accountability day
9 conference because as the chatter has changed what we
10 have heard is that -- and Mr. Mansfield will tell you
11 this, our former deputy secretary, if you really want
12 to make numbers happen the Executive Order which
13 requires public posting of strategic plans with
14 specific actions in them to reach the goal by that
15 particular federal agency, the Executive Order
16 strategic plans are the lynch pin in making those goal
17 numbers happen because one of the aspects of posting
18 this plan is to name a senior oversight official,
19 that's somebody in the front office as the accountable
20 person, and to also publicly name the small business
21 director and others.

22 Get a good plan, work the plan, post the plan

1 and the rest of that agency falls into line because
2 that is what happened exactly in the Department of
3 Veterans Affairs. Mr. Mansfield got serious and when
4 he got serious what happened? What interests my boss
5 (inaudible) that rest of us got serious too. The plan
6 is everything.

7 So we bring people in and we ask them to
8 report out on how they're doing on their plan. This
9 year is going to be kind of interesting because the new
10 leadership seated -- we don't really know who we're
11 going to be bringing in yet, but we're probably going
12 to be there ourselves because we in VA need to update
13 our plan. Now that we're going double digits we've got
14 to refocus on where is the next step.

15 Okay. I'm so glad that -- Nolena, you should
16 be doing this brief. The next bullet is for what has
17 become a real got be there event on the outreach
18 calendar, and that is the National Veterans Business
19 Conference. That's hosted every summer. It's July 20
20 through 24. It is an interagency effort. It is fully
21 and interagency effort. In the past DOD has been lead
22 in organizing because they've got more money for

1 contractor support, but it is fully supported by the
2 civilian agencies also. It is really a long, hard week
3 but it's worth it for everyone.

4 Now the problem with this conference is it's
5 in Las Vegas. Some of the civilian agencies are unable
6 to attend the conference in Las Vegas because of
7 internal policy. So what has happened is that most
8 people that can't get to Las Vegas show up at the odigo
9 (phonetic) conference in large numbers. So the odigo
10 conference has become Las Vegas.

11 Now this is one that we haven't fully
12 developed yet, but we think we should give it some
13 respect and recognition. Those people that worked hard
14 for passage of 106-50 and who kept at it for how many
15 years, Congress saying no and no and no again, the
16 bipartisan support that created the foundation
17 legislation is something that we should really
18 celebrate. Ten years is a milestone.

19 So we don't know what it's going to look like
20 yet but we think that inside the walls of VA we're
21 going to have a standout. We've never had one before.
22 And Nolena is smiling. She's going, oh, no, she's

1 going to stick me with that too. Yes, Nolena, we're
2 going to have a stand down. We're probably going to
3 get some of that social networking stuff happening that
4 we don't really understand well yet. Next.

5 Our goals. The new leadership is amazing.
6 I've got -- I wish that you had been able to stay with
7 us through this new transition because the leadership
8 is totally focused on veterans. I mean, I've been a 35
9 year employee in the Department of Veterans Affairs.
10 I've seen a whole bunch of them come and go. This
11 group is going to make it happen. They talk
12 transformation and they don't see transformation as a,
13 yeah, maybe we will, they see it as how soon can we
14 make it happen. They're transforming all of our
15 thinking.

16 Increased transparency and data reliability.
17 The whole issue has been -- you know this better than
18 I from where you sit. The issue of the reliability of
19 the data that we use in the federal procurement data
20 system and in the electronic subcontract reporting
21 system is one of major concern. We know in VA that our
22 data is good because we work it all the time. But we

1 are more fortunate than other small business offices
2 who may not have the staffing to make sure that their
3 data is clean.

4 So it is a government wide issue. You've
5 seen it in the trade magazines, you've seen it in the
6 congressional hearings. Data transparency, data
7 reliability, what do you have on your website, how
8 quick and easy is it to access the information that you
9 want when you want it, and is the information valid,
10 current, reliable when you get there.

11 Increase the number of verified firms. This
12 is a program that started in May of '08. We're not
13 quite one year old yet. The objective is that when the
14 VA acquisition regulation rule is finalized, and the
15 rule was proposed in August of 2008 in the Federal
16 Register, that when that rule is finalized it will
17 require that businesses who are receiving contract
18 awards as a result of a set aside action under Public
19 Law 109-461, that those business must be verified in
20 order to receive that award.

21 We are in the process of ramping up to make
22 sure we have enough businesses in there to make that

1 happen. We are confident that we will be okay. I will
2 tell you on the downside of this happy message it's
3 been painful. It's been a learning experience for us.

4 One of the things that we've learned is that, and this
5 is another issue I want the committee to study because
6 I know you're focused on training of business owners.
7 We have seen a higher than expected percentage of
8 disorganized business owners.

9 If the information that they input in the
10 public Intranet site is inconsistent, if it's
11 incomplete, the message that the contracting officer
12 understands is so if this company can't even get the
13 doggone entries right in five databases or five
14 websites how the heck do I think that they're going to
15 perform my contract okay? It causes a severe erosion
16 of contracting officer confidence in the capacity and
17 the readiness of that business to perform their
18 requirements.

19 So the message we're really going to push
20 hard and we're going to do it in April and we're going
21 to do it in July, the push hard message is clean up
22 your data. You want government to clean up our data,

1 you've got to clean up your data too, because until you
2 do that you're harming the program. You're not just
3 harming your own business, you're harming the program,
4 because those people that want to take potshots are
5 going to use all of this disorganized business data and
6 say, well, I'm never going to get to that goal because
7 look at these owners. They're not even ready to go
8 public yet. Big issue.

9 Well, I'm happy (inaudible) said it. I
10 wanted to work on (inaudible) take some time on it.
11 Achieve the subcontracting goal. Oh, my. We have a
12 lot of room for improvement in the subcontracting
13 program and we will speak first at VA. I will tell you
14 that -- and we've said this publicly in the past -- we
15 keep applauding ourselves for our prime contract
16 numbers, but we do not have a fully successful program
17 until we achieve our subcontracting goal numbers. That
18 is two subcontracting goals, ladies and gentlemen, two,
19 veteran owned small business subcontracting and
20 service-disabled veteran owned small business
21 subcontracting.

22 Bill, I'm going to ask you to be the lead

1 here in carrying this message back because we've had a
2 conversation back with Bob Taylor last May and said,
3 "Bob, look at this goal page. I don't see any veteran
4 owned small business subcontracting information here."

5 Bob said, "That is an issue." The program is
6 ten years old. It's time to put veterans up there.

7 Now that's one thing. Two, VA, we've got to
8 do a better job and that is going to be our mantra.
9 Our mantra this year, and if you want to say where are
10 we going for the next four years, our mantra will be
11 we're not going to -- we're not going to rest until we
12 achieve both the veterans and the service disabled
13 veteran numbers at the departmental level.

14 Subcontracting is it. We want to work
15 together on that because I will tell you it's huge push
16 back from the primes. Primes don't want to hear
17 anything about this as you know. Next line.

18 Return to green on the SBA scorecard. This
19 really gets me. Under Scott's leadership we were green
20 on the scorecard. Scott has been gone less than a
21 month and we've fallen to yellow. How did that happen?

22 A PARTICIPANT: He colored it in.

1 MS. WAGNER: We were green. We want to be
2 green. We expect to be green. We're a large
3 procurement organization, \$13 billion a year, we ought
4 to be able to achieve all the SBA negotiated goals. We
5 missed the women owned goal by a fraction of 1 percent.
6 We came in at 4.19 and it was supposed to 5. We
7 missed the HOV zone goal by like 2/10 of 1 percent. We
8 came at 2.81 of 3 percent. We've got to get back there
9 because as a good employer and as a good neighbor and
10 so many candidates across the country we have to show
11 all small businesses that we are supporting all of
12 them, not just the veterans.

13 So it is an impassioned objective of mine
14 that VA get back to green. We're not going to rest
15 until we do.

16 Strengthen the alliances. We're doing that
17 today. Next.

18 Recommendations for the committee. This is
19 not new but it deserves reinforcement. You already
20 have within I'm sure your program records here copies
21 of testimony that owners have made on the Hill
22 discussing the barrier that the federal supply schedule

1 program not being under the umbrella of the Small
2 Business Act presents to them in selling to federal
3 government. I see Bill is nodding his head. Bill,
4 you know this issue well.

5 VA spent 50 percent of our dollars with
6 federal supply schedule companies. Until we can get a
7 set aside or until we can get agreement in the FAR, we
8 can change A.404 where it says what you can do, the
9 contracting officers are not on board with using
10 demographic factors in evaluating awards on delivery
11 orders. I mean, ideally we would like to see, and I
12 can't say that because I'm a federal employee. I won't
13 finish that sentence but maybe the rest of you can
14 understand it. Next.

15 The pro -- no, go back, Nolena, because we've
16 got to study this one. Oh, my goodness, program
17 parity. All right, write this down. Back in March,
18 March 10th of '08 in the Federal Register, FAR Case
19 2006-034 was published as a proposed rule. You must
20 know the case. It was published as a proposed rule.
21 It got more than 2,000 comments. What could possibly
22 be in that bar case that would generate that kind of

1 interest? Well, let me tell you.

2 The current FAR, and this is not news to some
3 of you, the current FAR says contracting officers shall
4 consider 8A first. Then contracting officers shall
5 consider HOV zone. Then contracting officers may
6 consider service-disabled. That's the current FAR.
7 This program parity rule says, no, we don't think so.
8 We think contracting officers should consider any of
9 the small business programs on an equal basis, so we're
10 going to remove the order of priority.

11 You realize that this particular proposed
12 rule has not yet been finalized. I would encourage you
13 to go regulations.gov and read some of the more
14 compelling filings.

15 Now -- so they proposed this in March. The
16 public comment period closes in May. And then this one
17 really gets me, really gets me, the GAO case, B-400278,
18 published by GAO on September 19th. The company is
19 International Program Group. This one really gets me.

20 I'm not an advocate. I'm a VA employee so I can't
21 advocate anything, but I'll just give you the facts of
22 this case.

1 The United States Marine Corps issued a
2 contract using service-disabled set aside to do work on
3 one of their bases.

4 A PARTICIPANT: Training.

5 MS. WAGNER: The United States Marine Corps
6 wants to use service-disabled veteran owned business in
7 performance of their requirements. It makes a lot of
8 sense to me. Guess what, a HOV zone company filed a
9 protest with the GAO and said look at the FAR. The FAR
10 says you've got to consider HOV zone before it. So the
11 ruling was, yes, HOV zone has priority over
12 service-disabled veteran business even on Marine Corps
13 property. Oh, my. All right.

14 We've already talked about subcontracting.
15 Let's get to --

16 A PARTICIPANT: Well, what did we do about
17 that? I mean, so what's being done? Are we changing
18 that? I thought we had priority.

19 A PARTICIPANT: No, they changed the law.
20 The change the (inaudible).

21 MR. ELMORE: Can I jump in just for a second
22 please?

1 MR. ADAMS: Please identify yourself in your
2 comment.

3 MR. ELMORE: Bill Elmore. Basically the
4 thing that Gail talked about earlier, the appeal if you
5 will to the FAR counsel, the FAR counsel is not SBA.
6 The FAR counsel is a separate entity. So when SBA
7 implemented the sole source set aside rule for
8 service-disabled vets we put HOV Zone 8A and
9 service-disabled vets on a pod. The FAR counsel did
10 not. So this firm went to GAO and GAO essentially
11 interpreted or reinterpreted SBA's interpretation of
12 Public Law 108-183 and said SBA you are wrong in
13 creating in our world parity. That's essentially what
14 they did.

15 So it has undercut significantly and it's
16 only going to get worse.

17 MS. WAGNER: It's an impediment. It is a
18 severe procedural impediment that the contracting
19 community faces. Those contracting officers are out
20 there and they want to support service-disabled
21 veterans.

22 MR. ELMORE: Right.

1 MS. WAGNER: But they're being blocked
2 because of the federal supply schedule rules and
3 they're being blocked by this recent GAO case that
4 reinforces the existing FAR language that says
5 service-disabled veterans are considered third in the
6 order of small business programs. They are considered
7 after the 8A business development programs and after
8 the HOV Zone programs.

9 MR. ELMORE: It will come out --

10 MR. JENKINS: Bill, let me -- I need to
11 clarify something.

12 MR. CELLI: I know, I know. But you know
13 what, what I would like to be able to do is I would
14 like to be able to let Gail get through her whole
15 presentation because there are a number of issues and
16 very hot topics that, you know, that she has covered
17 and any one of them could gobble up the rest of her
18 time.

19 MR. JENKINS: Understood, but there's been
20 something said here that needs to be clarified. This
21 is Bill Jenkins. (Inaudible) can understand exactly
22 what took place. The HOV Zone law tells you you shall,

1 the law. No Congresswoman (inaudible) in her bill 2300
2 kept it to --

3 A PARTICIPANT: Was it 2300?

4 MR. CELLI: It wasn't. It was an HR bill,
5 but --

6 MR. JENKINS: It became an HR bill.
7 (Inaudible) 2300.

8 MR. CELLI: It got shot down.

9 MR. JENKINS: Okay. That bill got shot down,
10 but we're still wrestling with the law (inaudible).
11 The (inaudible) changed.

12 MS. WAGNER: Or there should be a law that
13 establishes parity.

14 MR. JENKINS: But it says shall consider.

15 MR. CELLI: No. It doesn't say shall use, it
16 says shall consider.

17 MS. WAGNER: The contracting community, and
18 I'm a former contracting officer, the contracting
19 community likes to take a path of least --

20 A PARTICIPANT: Resistance.

21 MS. WAGNER: -- resistance.

22 A PARTICIPANT: Yeah, there's no question

1 about that.

2 MS. WAGNER: So if -- you know, if they can
3 use the FAR to their advantage they will, but if
4 there's any, you know, shakiness in the language, if
5 there's any possibility that their procurement is going
6 to be stalled, then they're going to take a different
7 path. Let me just get through this. We wanted to give
8 you some feedback on your areas of focus to make sure
9 we know where you're going and how we can support you.

10 The offer remains and, you know, Bill has
11 already supporting your website, but if you want to use
12 the (inaudible).gov interaction communications with our
13 database let's do it, you know. Communications is
14 wonderful.

15 2008 report, we have nothing to stand out.
16 Next.

17 Policy. In 2007 you were looking for
18 certification. We can't give you certification but we
19 can give you verification and we are already underway
20 with that as we've already discussed.

21 Number four here, modify 109-461 to apply to
22 all agencies. Public Law 109-461 is a law that gives

1 VA some special core things, rules, that don't apply to
2 any other federal agency. Some of the differences in
3 the VA procurement program as it has recently been
4 changed and the rest of the federal government are,
5 one, we're the only agency in government that can do a
6 set aside for veteran owned small businesses. That's
7 important to the veteran.

8 You're going to hear from this
9 administration, you know, we are veteran focused and
10 our push in the next four years is going to be on
11 making sure that we can align veteran owned businesses
12 for maximum procurement opportunities, because right
13 now they don't have as much flexibility as the
14 service-disabled veteran community does. So wherever
15 we can push opportunities for veterans we will do so.

16 We have a fabulous relationship with the HOV
17 Zone office. We want to get as many veterans in HOV
18 Zones as we can because right now there is no veteran
19 set aside, non-VA agency. That's just one example.

20 So 109-461 gives us some unique sourcing. It
21 gives us an ability to noncompetitively negotiate with
22 veterans and service-disabled veterans that other

1 agencies don't have. That's why you saw that big spike
2 in the past couple of fiscal years, because we have
3 some different sourcing rules. It also allows us to do
4 business with the very few businesses, thankfully, that
5 are owned by eligible surviving spouses. So we're very
6 blessed to have the ability that when a veteran passes
7 on and transfers ownership to the surviving spouse that
8 we can continue to do business with that company.

9 Now make it apply to all other agencies. We
10 don't have that yet, but what we do have is Public Law
11 110-389 that was published -- that was enacted in
12 October of 2008. 110-389 -- and this is a remarkable
13 piece of legislation and I don't think we had anything
14 to do with it, so hats off to whoever authored this.
15 110-389 says when VA executes an interagency agreement
16 after December 31, 2008 if the agency who is going to
17 be contracting on behalf of VA issues any prime
18 contracts or subcontracts the Veteran's first sourcing
19 authority under 109-461 will apply to those contracts.

20 So we have in roads now we never had before and that's
21 remarkable. We're really happy with that. Next.

22 We've got oversized (inaudible) to identify.

1 The problem is -- I'm sorry Bill had to leave the
2 room -- the problem that we had with the agency is the
3 number of personnel turnovers makes it really hard to
4 keep the doggone strategic plan current. so it's been
5 a real challenge and one of the things we would like to
6 work on is to find a better way of doing that, maybe,
7 you know, to create a grand template or something and
8 just have them update their information quarterly. I
9 don't know.

10 The 2008 report on federal procurement, we
11 use the accountability conference to give owners an
12 opportunity to hear from federal agencies how they're
13 doing. One of the things that we're real proud of is
14 we have posted on the vetbiz.gov website the trending
15 data for all agencies going back to 2001. So when you
16 click on the strategic plan website you can see exactly
17 what that agency has done. We will have it updated for
18 '07 probably by the end of this month. Next.

19 We don't have an interest in that. Next.

20 Let's see. No, that's not it either.

21 Then that's the end. So we still have 15
22 minutes, you wanted 30. This is where it gets really

1 interesting. I hope that we have given you some
2 intriguing suggestions. I hope you have a flair and a
3 flavor for what it's like to do contracting in the
4 Department of Veterans Affairs and what we think the
5 impediments are in other agencies. The impediments are
6 real, but we also know that there is an absolute army
7 of people who are federal civil servants who support
8 this program and want to see it improve.

9 All right, that's it.

10 MR. CELLI: Gail, thank you. I just want to
11 lay some groundwork real quick. This is Louis Celli.
12 We have plenty of time because again if you remember we
13 moved a presentation from the afternoon to tomorrow, so
14 we've got a real buffer here and Gail's presentation
15 has really highlighted some very hot topics, sensitive
16 issues, some of which are not directly related to VA.
17 Those are issues that our committee absolutely has
18 taken up in the past and will take up in the future.

19 So what I would ask of you is to use this
20 time as constructively as possible to address questions
21 to Gail that directly relate to our relationship with
22 VA, their relationship, their work, our work, that type

1 of thing. So we can talk about the FAR later because
2 the FAR is a separate issue, and while it was contained
3 in her briefing it's not something she can affect.

4 MS. WAGNER: Thank you.

5 MR. ADAMS: I would just ask everybody to
6 identify themselves so I don't have to keep
7 interrupting because we are recording this and we have
8 to figure this out. Paul Adams.

9 MR. WHITE: Steve White. Gail, you were
10 talking about percentages and the great increase of
11 number, the percentages of the contractors. How many
12 actual businesses? I mean, I know you were talking
13 about 13 percent. Are these all prime or are there a
14 lot of small businesses in there? What kind of numbers
15 are we dealing with?

16 MS. WAGNER: In our 15 percent of total
17 procurement that was veteran owned small businesses
18 they're all small, and I can get you the number --

19 MR. WHITE: Just a ballpark.

20 MS. WAGNER: I don't know.

21 MR. WHITE: Okay.

22 MS. WAGNER: When I talk about the ease of

1 retrievability of data and the difficulty in working
2 with the federal protected data system, we can easily
3 see the transactions, but when you try to pull out the
4 unique businesses the screen goes, and the screen
5 freezes, because I've been trying to get that myself.

6 MR. WHITE: Because percentages are always a
7 nice way to say it. You know, if you increase it by
8 two and you only started with one --

9 MS. WAGNER: Right.

10 MR. WHITE: -- it's a huge increase.

11 MS. WAGNER: Exactly.

12 MR. WHITE: So I was just curious to see if
13 we're talking hundreds, tens, thousands.

14 MS. WAGNER: I do have prior year data and
15 for prior year data for the Department, this is not '08
16 data, this is '07 data, we had approximately 2,100
17 unique veteran owned businesses that were in the supply
18 chain.

19 A PARTICIPANT: Well, I think you mentioned
20 too, Gail, \$1.6 billion.

21 MS. WAGNER: Those are dollars spent but it
22 doesn't speak to how many unique businesses benefited

1 from those dollars and that's a very, very legitimate
2 question, one that we are pursuing ourselves anxiously
3 and when we get that, Mr. Chair, we will share that
4 with the committee.

5 MR. ROSS: Gail, Mark Ross here. One, I want
6 to commend the VA on the job that they're doing. I
7 think as far as all federal agencies they're
8 probably -- not probably, I think they're definitely
9 the leader in procurement for veteran disabled owned
10 companies.

11 One question that I had was in your
12 procurement data on the 12 percent, and I understand
13 that your data is as good as the contractors that
14 provide it to you.

15 MS. WAGNER: As the contracting officers that
16 input it in the federal procurement data system. But
17 to clarify your position in the electronic subcontract
18 recording system, yes, only as good as the contractor
19 personnel who input it.

20 MR. ROSS: Correct. So on the 12 percent,
21 now I know in some of the reporting systems you can
22 sort of double tag. What I mean by that is if you're a

1 HOV Zone, 8A, service-disabled veteran you get credit
2 for each even though the procurement may have gone out
3 as a HOV Zone set aside or an 8A set aside. So that 12
4 percent disabled credit, was that -- was any of those
5 figures double counted, meaning was some say like an 8A
6 set aside that they also got service-disabled credit
7 for or were they all, that 12 percent, was that all
8 veteran or disabled veteran -- I'm sorry -- I think it
9 was just service-disabled --

10 MS. WAGNER: Disabled veteran.

11 MR. ROSS: -- service disabled set aside as
12 the primary?

13 MS. WAGNER: Yes. In the 12 percent figure
14 any veteran owned -- any service-disabled veteran owned
15 business that received an award under any acquisition
16 tool --

17 MR. ROSS: Got you.

18 MS. WAGNER: -- is counted in that 12
19 percent.

20 MR. ROSS: Okay.

21 MS. WAGNER: Now we do have separately data
22 on the number of dollars awarded as a result of Public

1 Law 109-461, I just didn't bring that percentage with
2 me.

3 MR. ROSS: Okay.

4 MS. WAGNER: But I do have that if you want
5 it.

6 MR. ROSS: And then the second question is
7 you mentioned the federal supply schedules. Could you
8 clarify that point? I know -- I know VA uses the GSA
9 schedule. I'm assuming that's what you're implying.

10 MS. WAGNER: Yes.

11 MR. ROSS: So is what you're saying that if
12 the VA uses the GSA supply schedule for any acquisition
13 they do not get any socio-economic credit in using
14 that?

15 MS. WAGNER: We do get the credit, but when
16 we are executing our requirements under the authority
17 of GSA federal supply schedule when we release that
18 requirement for competition we cannot restrict the
19 offerors who give us a price. A large business can
20 come in, a woman owned business, anyone who is in that
21 federal supply schedule under that special item number
22 can give the Department of Veterans Affairs a price and

1 participate in that competition.

2 MR. ROSS: Now can you give any special
3 credit, let's say like in the evaluation criteria,
4 for -- and what I'm getting at is I understand, and I
5 understand resources are tight all over, so in using
6 that, you know, it's probably quite difficult to view,
7 you know, 100 different proposals for anything. But
8 can you set -- can you sort of screen through the
9 proposals and set aside say the veteran, disabled
10 veteran or other categories --

11 MS. WAGNER: Right.

12 MR. ROSS: -- and give -- understanding you
13 have to review everything, but give any procurement
14 credit to those?

15 MS. WAGNER: Yeah. Well, a few years ago the
16 General Services Administration issued an information
17 letter -- it sounds like we planted this question but
18 we did not -- issued an information letter to the
19 federal agencies saying exactly what you suggested.
20 When you are using a federal supply schedule
21 competition you may include a demographic factor that
22 will give credit to a specific sub-group of businesses

1 like women or like service-disabled veterans. You may
2 do that.

3 The problem is is that the letter expired
4 about three years ago. We cannot find that it was ever
5 picked up in the GSA Acquisition Regulation which
6 creates the federal supply schedule rule and, more
7 importantly, it is not reflected in the Federal
8 Acquisition Regulation. In the Federal Acquisition
9 Regulation there was a shopping list in FAR part 8.404
10 that contracting officers look at and say, oh, I can do
11 this in a federal supply schedule competition. They
12 need to just add a line that says and, you know, you
13 may include an evaluation factor for demographic
14 status. That's all they have to add and it would be
15 clear to the contracting community that we could use
16 that as a tool.

17 Right now in the absence of that the
18 contracting community does not do demographic factoring
19 as an evaluation tool.

20 MR. ROSS: But say if the committee took on,
21 you know, getting that GSA letter reissued.

22 MS. WAGNER Reissued.

1 MR. ROSS: You know, because it's probably
2 far easier to get that letter reissued than it is to
3 change the FAR. However, I would think that --

4 A PARTICIPANT: Who issued the letter in the
5 first place?

6 MS. WAGNER: GSA.

7 MR. ROSS: GSA issued it.

8 MS. WAGNER: We have a copy of the letter.
9 We would be happy to share that with the committee.

10 MR. ROSS: I mean, if --

11 A PARTICIPANT: We would like a copy.

12 MR. ROSS: If we were able to sort of take on
13 that action item would that help the acquisition staff
14 within the SBA?

15 MS. WAGNER: I think it absolutely would.

16 MR. CELLI: Gail, just out of
17 curiosity -- oh, Louis Celli -- just out of curiosity
18 just because GSA issued the letter that doesn't mean
19 that the FAR council would have to adopt it; is that
20 correct? I mean, they did previously but I'm just
21 curious to know what our standing would be, you know,
22 once we took that on.

1 MS. WAGNER: I don't have the most current
2 information, however I recall that the FAR council is
3 chaired by the General Services Administration. So if
4 the General Services Administration federal supply
5 schedule acquisition office chooses to issue a letter
6 it might be something that could be shared with the FAR
7 council GSA representative.

8 MR. CELLI: No, I understand what you're
9 saying and I get that, it's just that if they haven't
10 issued it, you know, since 2003 --

11 MS. WAGNER: Right, right.

12 MR. CELLI: -- there's a reason that they
13 haven't wanted to reissue it. We have take it up -- do
14 you see where I'm going with this?

15 MS. WAGNER: But to answer the question there
16 is no mandate that a GSA acquisition policy letter be
17 acted on by the FAR council.

18 MR. CELLI: Mr. Mancini?

19 MR. MANCINI: Yes, Frank Mancini. You've
20 been (inaudible) earlier. Is that mostly the bundling
21 contractors, right?

22 MS. WAGNER: No.

1 MR. MANCINI: One of the issues that is
2 encountered for many veteran business owners
3 (inaudible) is that they cannot (inaudible) some of
4 that discipline because a lot of the services that the
5 VA uses for the FAR are bundled up under the federal
6 supply schedule and they are no (inaudible). You
7 follow me, what I'm referring to?

8 MS. WAGNER: Yes.

9 MR. MANCINI: In regards to the Public Law
10 110-389, veterans first will apply to any of the -- any
11 of those agencies that have an MOU with the VA?

12 MS. WAGNER: That have an interagency
13 agreement that is executed after December 31, 2008.

14 MR. MANCINI: So the ones that were executed
15 before then don't apply, like the Army Corps of
16 Engineer interagency agreement will not apply under
17 that?

18 MS. WAGNER: That is our understanding, sir,
19 yes.

20 MR. MANCINI: So anything the Army Corps of
21 Engineers --

22 MS. WAGNER: Under the original agreement

1 would not be subject to the veterans first sourcing,
2 that's correct.

3 MR. MANCINI: Do you see that changing any
4 time?

5 MR. CELLI: How long was the agreement good
6 for?

7 MS. WAGNER: That I don't have the
8 information on the core expiration term. I could get
9 that for you.

10 MR. MANCINI: Because one of the -- and if I
11 can finish. One of the issues is that under the Army
12 Corps there is a lot of business being misdirected to
13 everybody else except veterans and some of those are
14 veteran run businesses that don't necessarily involve
15 huge construction projects. So a lot of them are
16 construction projects, but you also have, you know,
17 just purchasing office furniture or whatever.

18 MR. CELLI: Well, I think -- and Mr. Juan
19 Lowrey wanted to -- Mr. Celli -- Mr. Juan Lowrey who I
20 think was instrumentally involved in trying to close
21 that loophole might add some insight.

22 MR. LOWERY: Yeah. We worked on that. Mike,

1 Frank and I, our bosses here, (inaudible), but to
2 answer your question specifically is that it involves
3 retroactivity and of course the contract clause says
4 you can't go back and redo that. Then the problem that
5 in talking to the acquisition folks is the VA was
6 (inaudible). You can't put (inaudible) that's been
7 done that involves this amount of money, these
8 contracts have already been let, so you're asking us to
9 go back and make a bigger mess of a small mess.

10 So the logic behind that was either we let
11 those go on and expire, and then when they renew they
12 must fall under that. But the principle was that
13 whenever you give money to the VA and the concern was
14 that they were giving the money to other folks that
15 were acting agents on behalf of the VA, and we said
16 that if the VA gets money and they get that money, VA
17 money, from somebody else who acts as an agent of the
18 VA, any expenditure of dollars must adhere to the VA
19 policy. So wherever they go, to DOD or wherever, they
20 must fall under that.

21 So we can only look forward, which was the
22 easy solution, and we could do it now and get everybody

1 to agree. It will make a big fight and a big mess to
2 try and go back.

3 MR. MANCINI: Yeah, okay. I also have a
4 question on that. Would the -- how many agencies are
5 there like, in the same situation as the Army Corps and
6 what is the total value of the Army Corps -- what is
7 the value of their total contracting to the VA?

8 MS. WAGNER: I don't have that information.
9 I can get that information for you. All I can say is a
10 lot of money.

11 MR. MANCINI: And besides -- and besides the
12 Army Corps are there any other agencies that are in the
13 same, similar as the Army Corps?

14 MS. WAGNER: Do you have any background on
15 that?

16 A PARTICIPANT: Yes, I do, but I can't speak
17 officially for VA.

18 MS. WAGNER: Oh, all right. Unfortunately I
19 don't have information for you.

20 MR. MANCINI: Okay. Thank you.

21 MS. WAGNER: But I will get it. In my
22 capacity as acting person I'm going to get you all

1 sorts of -- it's in the (inaudible).

2 A PARTICIPANT: I had a question with respect
3 to the service-disabled veteran verification process
4 that you had talked about. That is different from the
5 certification process, is that correct?

6 MS. WAGNER: We are calling it verification.

7 A PARTICIPANT: Okay. But it's the same
8 thing?

9 MS. WAGNER: Let me explain how verification
10 functions. Under our statute 109-461 the Secretary of
11 Veterans Affairs is required to verify the ownership
12 and control of businesses that are listed in our vendor
13 information pages database.

14 A PARTICIPANT: That's for, only for VA?

15 MS. WAGNER: For VA and for our prime
16 contractors.

17 A PARTICIPANT: Yes.

18 MS. WAGNER: Now verifying ownership consists
19 of two parts. The first is are the owners of this
20 business eligible as veterans, service-disabled
21 veterans, or eligible surviving spouses. So the first
22 thing that we do is we look at the owner's unique

1 identity information and we run that information
2 against the veteran benefits administration database of
3 benefits. It's called BIRL, beneficiary information
4 retrieval locator system, where all the data is kept on
5 everybody, and we find the matches.

6 We also look at the character of military
7 service, because we're required to do business with
8 individuals who have other than a dishonorable
9 discharge. That's the first aspect of making sure that
10 the individuals who own the business are eligible for
11 the program.

12 Then we look at the ownership in total to
13 ensure that eligible individuals, veteran,
14 service-disabled veterans who are eligible from
15 (inaudible) collectively have at least 51 percent
16 ownership. So we're collecting that percentage of
17 ownership information.

18 The ownership stuff is easy. What we're
19 generally -- I'm looking at Nolena Pollard who is one
20 of the more senior people in CBE. Even though we tell
21 you it's easy, everyday we get different challenges
22 about unique identity information. The more

1 challenging aspect relates to do eligible individuals
2 actually control the business on a day-to-day basis.
3 That has taken us -- so it's very similar to what the
4 HOV Zone program does and what the 8A business
5 development program staff do, very similar to that,
6 very similar to the absolute -- and I tip my hat off to
7 everybody who does the service-disabled veteran owned
8 small business protest decision because we get copies
9 of all of their good work and some of them are absolute
10 hoots when you look at them, you know, as to what these
11 business owners are trying to get by on the federal
12 government.

13 So it becomes very much of a you've got to
14 dig deeper, you've got to dig deeper, to where you
15 finally have intrinsic understanding as to whether this
16 business is one that we want to bring into the program
17 because we absolutely believe as a team that this is a
18 good business or do we have to put them on hold and go
19 see them, do we need more information from them.

20 A PARTICIPANT: My only interest here -- this
21 is (inaudible) why this methodology does not exist with
22 other U.S. agencies. I mean, the Department of Veteran

1 Affairs has this process --

2 MS. WAGNER: Sure.

3 A PARTICIPANT: -- underway but DOD doesn't
4 have this, right?

5 MS. WAGNER: We --

6 A PARTICIPANT: The Department of State and
7 others don't have this.

8 MS. WAGNER: As a result of the unique
9 sourcing and sole sourcing that we have in our
10 procurement program. 109-461 establishes that the
11 Department of Veterans Affairs may non-competitively
12 contract for individual awards valued up to \$5 million
13 at a pop. Whenever you have that type of money in a
14 non-competitive contracting arena there is a comparable
15 duty by the government to ensure that only eligible
16 authorities are truly benefiting from that.

17 The rest of the federal government, in the
18 rest of the federal government competition among
19 service-disabled veterans is first and foremost. So
20 some representation for the rest of the federal
21 government is fine because we've seen that there are
22 various protests, but in VA veterans first.

1 Non-competitive sourcing up to \$5 million at a pop, we
2 really need to have that safety net built in there that
3 says we've looked at these businesses.

4 A PARTICIPANT: And then a final question.
5 How many companies do you have as verified as
6 service-disabled veteran owned? Do you have a number?

7 MS. WAGNER: The total number right now is a
8 little over 500. It's like 561 and about 70 percent of
9 those are service connected. It's relatively calm
10 because we haven't gone public with the on line
11 application process. When we do that we're going to
12 get a lot more apps and we're going to have a lot more
13 (inaudible). We've been sort of learning as we go on
14 this.

15 A PARTICIPANT: Thank you.

16 A PARTICIPANT: Mr. Warren Learn (phonetic)
17 had a question, he had raised his hand. Real quick on
18 that same subject before we transgress.

19 MR. LEARN: (Inaudible) talking about how
20 many people do you have listed currently total and you
21 were saying about verifying, but also (inaudible) the
22 states that a company is only verified at their

1 request.

2 MS. WAGNER: Yes.

3 MR. LEARN: So if they did not request to be
4 verified they can still be listed --

5 MS. WAGNER: Yes.

6 MR. LEARN: -- on the VA's database?

7 MS. WAGNER: Exactly.

8 MR. LEARN: Okay. Thank you.

9 MR. CELLI: Just real quick, could you just
10 give us an idea of what the current time period looks
11 like from data of completed application until approval,
12 because I know it's -- and as more people start to
13 apply the workload gets heavier, the wait times gets
14 longer.

15 MS. WAGNER: Our regulation stipulates that
16 we have 30 days from date the application is received
17 in CBE to ensure that that application is complete and
18 ready for processing. So in that first 30 day period
19 an owner can expect, if we're doing our jobs properly,
20 to receive an acknowledgment of receipt of the
21 application very early, sometime in that 30 days to
22 hear to back from us. We may have questions about

1 their character of service, maybe we don't find him in
2 our database, or we will send a second acknowledgment
3 message to them that says, hey, your application looked
4 good. We've moved it onto processing. Or this, ooh,
5 ownership and control issues. We have a 60 day period
6 for that.

7 When we go bigger we will add more resources
8 to the CBE. We plan to use a lot of contractor support
9 for the basic math crunching stuff that will bring us
10 in line. I know that Nolena you did an average days to
11 process, I think it was about a week-and-a-half ago,
12 and we were at 81 days, average days to process.

13 MR. CELLI: So within 90 days?

14 MS. WAGNER: So we are within the 90 day
15 period.

16 MR. CELLI: If they give you all the
17 information.

18 MS. WAGNER: But, you know, we're a little
19 nervous about that because we haven't gone broad yet,
20 we haven't gone with the on line application
21 processing. So knowing what we know right now we
22 absolutely need to have those contractor resources

1 trained and available before we open up the big window
2 to say come on in with your on line application.

3 MR. CELLI: Okay.

4 MS. WAGNER: In this environment I will tell
5 you that it has already been laid down by the Secretary
6 of Veterans Affairs that we will be timely and
7 responsive.

8 MR. CELLI: You mean with the paperwork up to
9 here.

10 MS. WAGNER: That is the Department overall
11 and that included our program, yes. Timely and
12 responsive, new words.

13 MR. ROSS: Gail, Mark Ross here. You
14 mentioned about the challenges in calculating your
15 subcontracting dollars, and I don't think that's a VA
16 problem. I think that's a government as a whole
17 problem. You know, you had mentioned that the prime
18 contractors generally push back. What suggestions do
19 you have -- I mean, my understanding is the enforcement
20 is with the COR COTAR to enforce that the prime
21 contractor complies with the small business
22 subcontracting plan that they lay out in procurement.

1 But, you know, at best you can expect the prime
2 contractor to sort of do what they say, but we all know
3 that that's not the case.

4 What recommendation or suggestions do you
5 have to us on fixing that problem? Because it's not
6 the prime contractor's decision when they're receiving
7 public dollars to not comply with the rules that are
8 laid out. That's a cost of doing business. So what
9 recommendations would you make to have some level of
10 enforcement and understanding that agencies are
11 stretched as far as resources and, you know, adding
12 more oversight possibly?

13 MS. WAGNER: I believe that one of the things
14 that would absolutely help all of us is if we can get
15 quick access to data. For example one of the best
16 sites on line is usaspending.gov, absolutely a
17 wonderful site. You go on there and you have
18 figurative level data almost instantaneously,
19 usaspending.gov. You can find all the dollars that
20 flow into a business right there on that website. It's
21 colorful, it's fun, it's easy to understand, it's
22 graphic, it's a fabulous site.

1 A PARTICIPANT: Who owns that site?

2 MS. WAGNER: Who does own that site? I don't
3 know.

4 A PARTICIPANT: I think it's a not for
5 profit.

6 MS. WAGNER: No, it's a dot gov. Somebody
7 got's to own it. I don't know. I don't care who owns,
8 I just love the site. It's dot gov so I can love it.

9 So if we could get the electronic subcontract
10 reporting system formatted into something similar to
11 usaspending.gov that all the contracting officers are
12 using right now anyway as part of determining how much
13 business a company has, are they a responsible
14 business, if we could get ESRS formatted like
15 usaspending.gov, if we can make it easy for a
16 government agency official or a potential small
17 business teaming partner to a prime to see what level
18 of support that prime contractor is giving to the small
19 business program, if we can make it easy, it's data
20 transparency.

21 I don't want to tear at, you know, President
22 Obama and his administration but data transparency is

1 absolutely critical here. If we can get the access to
2 the data, we would put it up on (inaudible) biz.gov.

3 A PARTICIPANT: That's right.

4 MR. LINSKOTT: Jeffrey Linscott. On your
5 verification or verified what's the relationship
6 between that verification and the CCR registration?

7 MS. WAGNER: Thank you for asking that
8 question. Gosh, all righty, here we go. We have been
9 working with the integrated acquisition environment
10 group who manages all changes to the central contractor
11 registration for several years. Now recall that our
12 public law was executed in December of 2006 and we're
13 now in February of 2009. We've been waiting patiently
14 our turn in line to get a data field put on the central
15 contractor registration that says VA verified, yes, no.
16 If yes date verification ends.

17 So the central contractor registration is one
18 aspect of what the integrated acquisition environment
19 team is working on. They're working on changes to the
20 business partners network, they're working on changes
21 to the on line -- on line representation certifications
22 and accreditations. They're working on a lot of stuff.

1 Our change request is in the loop. It will happen. I
2 can't tell you when it will happen, but it's been in
3 the loop now for a couple of years.

4 MR. LINSKOTT: So if this committee could
5 recommend or advise do you see that being viable to get
6 that integrated?

7 MS. WAGNER: I don't -- you know, this
8 committee has a lot of really important business before
9 it. Because you're already in the loop in the CCR IAE
10 I don't think this team needs to work on that.

11 MR. LINSKOTT: Okay.

12 MS. WAGNER: What you just need to understand
13 is that sometimes the business of government works at
14 its own pace.

15 MR. LINSKOTT: Okay. That answers my
16 question. The next one would be if you are not a
17 verified vendor then you can't do business with the VA?

18 MS. WAGNER: Oh, no. Gosh, no.

19 MR. LINSKOTT: Okay.

20 MS. WAGNER: Make the record show clearly to
21 do business with the Department of Veterans
22 Affairs -- we welcome everybody. You can come on in

1 and sell to us on a purchase card. You can come on in
2 and sell to us on a full and open competition.

3 The only time you need to be verified, the
4 only time you need to be verified is two things that
5 will happen when the acquisition regulation is
6 finalized, the change is finalized. One, if you want
7 to sell to us under the set aside authority, either a
8 competitive set aside or a sole source, if you want to
9 sell to VA under the authority of Public Law 109-461
10 when the acquisition reg is finalized it will say, we
11 believe at this point in time, it will say that you
12 must be verified. Okay?

13 The other time you would need to be verified
14 is when the same acquisition regulation change is
15 finalized, and we expect that to happen sometime this
16 summer, if you want to sell to one of VA's large prime
17 contractors who has a subcontracting plan on file with
18 us that was awarded under full and open competition, if
19 you want to sell to us as a subcontractor through one
20 of our big primes that prime contractor will only
21 receive credit on the subcontract plan report if they
22 use a verified subcontracted, veteran owned or

1 service-disabled veteran owned business.

2 Now does this sound a lot like SBA programs?

3 You betcha, because we tip our hats to the people that
4 have been doing it for the past 30 years. You guys
5 know what you're doing. We just stole all of your good
6 regs and your good best practices and we applied to our
7 little program.

8 So you can sell to us. It would be horrible
9 to be an employee of the Department of Veterans Affairs
10 and say to a veteran owned business, no, I'm sorry, you
11 can't sell to us. That is completely opposite our
12 philosophy. Our philosophy is we're going to bring you
13 in and we're going to educate you on all the different
14 ways that you can make your business marketable and you
15 can make your own business decision as to which
16 marketing strategy you want.

17 MR. LINSOTT: Thank you.

18 MR. ELMORE: Bill Elmore. Just a simple
19 comment and then I'll throw it to you. Have either you
20 or your staff worked with Billy and help us understand
21 what you think is the explicit language I need to take
22 to my administrator once she's confirmed, the whole

1 (inaudible), what you would suggest would be a good
2 change and we'll do that.

3 MS. WAGNER: Perfect.

4 MR. ELMORE: So just make sure that Billy can
5 figure it out well enough to help me figure out well
6 enough to make the point.

7 MS. WAGNER: Right. And thank you for that
8 offer. I don't know that we'll be able to succeed
9 government wide with it but, you know, it starts with,
10 you know, one or two agencies at a time just raising
11 the interest.

12 MR. MACKRELL: Pat Mackrell, Gail. A
13 question about the PTAC (phonetic). Do you interact
14 with them at all to disseminate (inaudible) programs
15 and priorities and contracts, any those types of
16 things?

17 MS. WAGNER: I wake up in the morning, I grab
18 my lucky rabbit's foot, and I kiss it and say, God
19 bless the PTAC. They are an absolutely wonderful
20 organization in helping all small business owners sell
21 to the federal government. They were one of the first
22 partners that we signed a formal partnership agreement

1 with because we believe in VA, in the effectiveness of
2 the work that they do in helping businesses understand
3 the federal marketplace and succeed in them.

4 That first partnership was executed in, gosh,
5 April of 2001 if I recall. We've had it in place ever
6 since. In our telephone call center when we hear from
7 a new business and we understand what that business
8 owner is selling we provide them with information when
9 we know that it's something that is purchased at the
10 prime or the subcontracting level in the federal
11 government. We provide them with information and
12 connectivity with the PTAC that supports them.

13 Even in our VA solicitation we had a
14 information notice that says if you are a business who
15 is new to federal marketing connect with your PTAC.
16 Here's how you find them. It's that important.

17 MR. MACKRELL: That (inaudible).

18 MS. WAGNER: No. This is -- this is not
19 solicitation.

20 Yes, Mr. Adams.

21 MR. ADAMS: Gail, Paul Adams. When you're
22 talking about getting the prime's attention I'm just

1 wondering what the thought would be if there was a term
2 in the contract that said to the extent first of all
3 you have to submit your subcontracting plan and you
4 have to achieve your goal, and to the extent that you
5 do not achieve your goal that portion of your revenue
6 will be deleted from your bottom line so if you don't
7 hit your 3 percent, you say you're going to hit 3
8 percent you only hit 2 percent, we're going to take 1
9 percent of the money you were supposed to get and we're
10 going to do something else. I think that would get
11 their attention.

12 MS. WAGNER: Well, actually, there is a
13 provision in the Federal Acquisition Regulation which
14 enables federal agencies to apply liquidated damages
15 and it's very similar to what you've suggested. While
16 that provision exists in the regulations, it has been
17 enforced maybe once in the 30 years that the
18 subcontracting program has been around and that was on
19 an acquisition that the Navy did in Florida and it was
20 later overturned.

21 It's a very difficult, entrenched problem.
22 But guess what? The people in this room and the people

1 that you each know, once we say this is a problem that
2 we're going to do something about we can do something
3 about it. We don't know what that's going to look like
4 yet but, you know, I really think the key is to put it
5 up there just like we got the federal agency data up
6 there right now. If we could go top 100 primes and put
7 the 100 prime's data up there in an easy to understand
8 format I think you're going to get a whole lot of
9 voluntary compliance by the others.

10 MR. ADAMS: I think you're overly optimistic,
11 but I also think the liquidated damages clause is much
12 vaguer than what I'm talking about. I'm talking about
13 if you had a specific clause that said when we do a
14 close out audit and we look at your books and we look
15 at how you ran this program and you did not comply with
16 that, because you can submit a great plan at the
17 beginning, ignore it and get away with it.

18 MS. WAGNER: Right.

19 MR. ADAMS: And you can submit -- you know,
20 you can have DOD say 0 percent service-disabled vet,
21 acceptable plan. So if you put specifically in there
22 here's what you have to do, and here's the penalty if

1 you don't, and we will determine it at the close out,
2 now you have a very strict contractual provision that
3 they are going to -- it's going to hit their bottom
4 line if they don't do it. I think you're going to get
5 their attention, just like as you said if your boss is
6 interested you're fascinated. If it's going to hit the
7 bottom line on the prime contractors they're probably
8 actually going to pretend to care about veterans.

9 MS. WAGNER: I think we would probably want
10 to get some input from some large prime contractors as
11 to what they anticipate the real solution would be. I
12 would like to hear from them. Maybe in one of your
13 meetings that could be a discussion topic is to bring
14 in representatives from the TRIAD (phonetic) or from
15 some other large prime.

16 You know, it's been an issue as long as the
17 program has been established. We haven't fixed it yet,
18 we just have to figure out what the right fix is. I
19 don't -- I can't speak for the department in response
20 to your recommendation. I don't know what that fix is,
21 but I know that there are smart people out there that
22 when you have conversations and you select different

1 opinions that you will come up with a solution that
2 probably is going to be realistic and that will benefit
3 the small businesses. Because it's not just something
4 that hurts the veterans and service-disabled veterans,
5 it's hurting the small business community in general.

6 MR. ROSS: Mark Ross here. You know, I know
7 like in the Metro area here there's a number of
8 councils such as IAC and such. A lot of these councils
9 advise on different issues, small business being one of
10 them, but the majority of the people that are members
11 of the committee or council are from the large prime
12 contractors, all right. So having a prime contractor
13 come in and brief, you know, it's probably worthless
14 for all of us sitting in here number one.

15 Number two, the -- what would you
16 recommend -- we have the liquidated damage part and I
17 understand that and so that sort of penalizes. Would
18 it be better to reward these larger prime contractors,
19 for instance maybe, you know, a 5 percent escalation on
20 their contract award for meeting -- and it's a question
21 from your experience and maybe Scott if you would have
22 any thoughts on that -- would it be better to reward or

1 penalize with liquidated damages these large prime
2 contractors in meeting the goals, small business goals?

3 MS. WAGNER: When I was a young contracting
4 officer back when the dinosaurs walked the earth there
5 were incentive fees. I don't know, Bill, if you were
6 in the community then.

7 MR. ELMORE: Yes.

8 MS. WAGNER: A lot of the federal agencies,
9 specifically DOD, would require their primes to report
10 quarterly. If the primes were making their goal
11 figures they would get an incentive fee. That was
12 wonderful for the program manager because they would go
13 back and they would get a bonus in their check and the
14 company would win too. But over the years, and this is
15 as business processes have been re-engineered, we went
16 from individual reporting, to commercial plan
17 reporting, to comprehensive plan reporting. We went
18 from quarterly reporting to fiscal year reporting.

19 So somehow or other the tides have shifted.
20 I'm probably over speaking here. It's going on the
21 record and, you know, it's been nice being a federal
22 worker. I'm probably over speaking but I'm going to

1 say it anyway. The tide has shifted and now it is
2 favoring in my opinion the large prime contractors who
3 don't really truly appreciate the contributions of the
4 small business community.

5 MR. ROSS: Or care.

6 MS. WAGNER: You know, if we could somehow
7 incentives or revitalize reporting to where we could
8 actually get the reported data quickly enough to make
9 an impact on that contract performance, and that's not
10 a comprehensive plan, and it's not a commercial plan,
11 then you -- it's called putting attention on the
12 project. If you put them out there on the Internet,
13 these are the good and these are the others, if you put
14 the quarterly reports out there, if you make the data
15 easy to get to --

16 MR. ROSS: So who governs that as far as
17 mandating that it's done quarterly versus fiscally?
18 I'll give you an example on why I believe, you know,
19 annually is the wrong way. You know, with the new reg
20 that SBA put out, I believe it was in June, as far as
21 re-certification, the small business re-certification,
22 I mean I know first-hand there are companies out there

1 that are getting small business credit for --

2 MS. WAGNER: (Inaudible.)

3 MR. ROSS: Right. They've been acquired and
4 this and that. So, you know, doing it -- you know, if
5 you do it quarterly your opportunity to sort of catch
6 these errors or (inaudible) or whatever you want to
7 call it are far greater than waiting annually to do
8 your report and having some policing body that's going
9 to look at it and say, oh, you know, company ABC here,
10 you know, was incorrect in their reporting and you're
11 just going to skew numbers.

12 So I think, you know, having a quarterly
13 reporting is probably far better than annual. I mean,
14 but who's the governing body that --

15 MS. WAGNER: To answer your question I
16 believe that the governing body is the federal
17 acquisition regulation council who crafted the language
18 of the clauses that appear in the contract, the clauses
19 that say what are the acceptable types of
20 subcontracting plans, what are the reporting
21 requirements, it's all text which is within the
22 governing body of the federal acquisition regulation

1 who implements federal statutes.

2 So you have to track back and figure out
3 where the statutory language is that governs these
4 particular issues. The one that we're looking at right
5 now is subcontracting.

6 MR. ROSS: So --

7 MR. CELLI: Hold on. We're running tight on
8 time.

9 MR. ROSS: Just one question.

10 MR. CELLI: Hold on please. Gail, I have a
11 question I would like to get to. I would like it to be
12 the last question and also just -- I really wanted to
13 circle back to making sure that the questions that we
14 ask you specifically deal with your world. You know,
15 these other issues that are also important we can
16 research those at a later date.

17 MS. WAGNER: Sure.

18 MR. CELLI: Felix?

19 MR. VARGAS: Well, Frank Vargas. A very
20 important question. The issue of how we motivate the
21 larger primes to do a better job on subcontracting is
22 key and I think Paul is right on target to bring this

1 up and identify it as a issue for us.

2 It seems to me that reporting in and of
3 itself is not going to sufficiently motivate large
4 primes to make a greater effort to meet the
5 subcontracting goals. Perhaps the carrot and stick
6 approach, and you talked about rewards. I mean,
7 there's certainly something to be built in. But I
8 wondered in terms of the pressure point if we couldn't
9 also look to our friends on the Hill to consider some
10 special type of legislation which requires the federal
11 agency to make -- in awarding contracts to large primes
12 to insist that the prime commit to meeting the 3
13 percent goal. Maybe something like that would be very
14 helpful as well because asking them to do it or
15 including all that in a report just hasn't proved to be
16 very effective.

17 I'll just put a pitch in for my brother Frank
18 here who says that if there's any way we can get all
19 these reports you've been talking about, it would be
20 useful to find out what the mechanism is --

21 MR. MANCINI: The comment I had -- this is
22 Frank Mancini. The comment I had is I had not -- I

1 have yet to see any report, any report for '08, '07,
2 '06, '04, 1999, whatever year, pick a year, of how much
3 going for (inaudible). A lot of these primes -- I want
4 to see a report that tells me how they fair with small
5 business and also the different types of small
6 businesses, women owned, (inaudible) and so forth. I
7 have yet to see a report -- where is this report? Who
8 has them? What computer system are they located on?

9 MR. CELLI: Okay, thank you, Frank. And
10 again --

11 MR. MANCINI: I have a question.

12 MR. CELLI: But that's not her area.

13 MR. MANCINI: Yeah, I know. I have a
14 thought. I don't work for the government, so I
15 wouldn't know. Do you have an idea of who has those
16 reports?

17 MS. WAGNER: There is -- we don't own all of
18 the reports. I'll tell you what I can find on line and
19 the Department of Defense puts its information on line,
20 but the Department of Defense does not speak government
21 wide for all of the particular dollars flowing to a
22 Raytheon or a Northrop.

1 MR. MANCINI: But I'm talking about the SBA,
2 though, as far as doing it.

3 MR. WAGNER: The SBA collects the data. It's
4 a difficult question and it's one that we're going to
5 be focusing on.

6 Thank you for your time.

7 MR. CELLI: Before you go I would like
8 to -- I would like to just reiterate and invitation
9 that we talked about here within our committee that we
10 extend to the VA not only to come and make a
11 presentation on whatever basis, you know, is
12 comfortable for both us but also for you to actively
13 come and participate in our meetings when we're here
14 because we consider you partners and, you know, in an
15 effort to try to grow this program we can't do it
16 alone, you can't do it alone.

17 So we -- the offer is extended to you to
18 fully help and participate in our meetings on both
19 days.

20 MS. WAGNER: Well, be careful what you ask
21 for because we're going to show up from now on. Thank
22 you so much for that. We really appreciate the

1 invitation. Thank you for the caliber of dialogue this
2 afternoon. We have much work to do. I've got some
3 homework to get responses to you and we will make that
4 happen. I'm very excited about what the next couple of
5 years is going to bring to us.

6 MR. CELLI: Thank you.

7 (Applause.)

8 MR. CELLI: We are exactly on time to
9 introduce Ms. Holly Shick who is the deputy
10 associate -- I'm sorry? Oh, I'm sorry. Can I butcher
11 another name?

12 TED: I'm Ted.

13 MR. CELLI: Who is the deputy associate
14 administrator for economic development for the Small
15 Business Administration. I was hoping that we would be
16 able to squeeze in just another minute or two and get a
17 couple of more introductions, but I know that -- I
18 remember the e-mail traffic that scheduled Ms. Shick's
19 time here and I understand that she was book cased on
20 both ends with other appointments, so we'll -- I want
21 to make sure that she gets her time.

22 MS. SHICK: Thank you.

1 MR. CELLI: So, Ms. Shick.

2 MS. SHICK: Where would you like me to --

3 MR. CELLI: Right up -- you're okay.

4 A PARTICIPANT: Can we get the spotlight on
5 that chair?

6 MR. CELLI: Is there a way to turn the
7 monitor off because I understand it shines a bright
8 light into the speaker's face.

9 MS. SHICK: Yes. This looks like a witness
10 (inaudible).

11 (Discussion among participants.)

12 MS. SHICK: Well, I certainly appreciate the
13 opportunity to come and talk to you today and give you
14 an overview of the office of entrepreneurial
15 development. My schedule has gotten a little crazy and
16 we're in transition. I'm doing a couple of different
17 things and I'm currently the acting administrator for
18 the office of Native American affairs and the deputy in
19 OED but the acting administrator is actually the senior
20 policy advisor on the seventh floor. So I'm kind of
21 doing that and I'm also the director, the interim
22 director of the office of women's business ownership.

1 So I -- it's a real tight time for me right
2 now, but I have really over the last years, I've been
3 here since 2005, and I've really enjoyed working with
4 Bill and his staff and our program and learning what
5 our capacity is and what we do and what -- how we
6 deliver for your specific constituency.

7 Just a little bit of background about me.
8 Prior to joining the agency at the end of 2004 I was
9 the state director of small business development for
10 the state of Ohio since 1983. So for 20 plus years I
11 lived in an economic development environment and also
12 did the joint role as the small business development
13 center director, because that program was a state based
14 program. So I enjoyed not only working as one of the
15 resource partner programs but also in an economic
16 development environment that really gave me a good feel
17 and a good understanding about how the community
18 resources work, how they engage, why they work,
19 sometimes why they don't.

20 So when I had the opportunity to come here to
21 Washington, I'm originally from the East Coast, so it
22 was great for me. I'm proud to actually be part of the

1 agency that really makes the kinds of things happen in
2 the local communities that really we do because I've
3 seen it, I've touched it, I've felt it. It really does
4 work. So even though we seem to be removed in
5 Washington and at arms-length, it really is exciting to
6 kind of what we do.

7 Office of entrepreneurial development, bottom
8 line what we do is we are the management and technical
9 assistant expert in the agency. What that is is
10 basically we work with our resources in the business.
11 We work with the venture customers who are thinking
12 about starting a business, we work with start up
13 companies which are early stage existing businesses,
14 and we usually define that as 0 to 12 months, and then
15 existing businesses that are 12 months and older.

16 We work with them on the internal operations
17 of their business, how to glue it together right from
18 the beginning and how to keep it on the right path in
19 terms of good business management practice. We do that
20 through a lot of different programs, a lot of different
21 partnerships, but I think most importantly we act as a
22 catalyst and a leverage for other resources in the

1 local community. What I mean by that, whether you look
2 at score, SBDC, women's business, we all use the same
3 kind of framework or paradigm, which is in that local
4 community we try to partner up with who cares about the
5 mission that we care about.

6 We don't partner up with people who's small
7 business agenda is like third or fourth on their list.

8 We look for the people that have a passion for what
9 we do, because we've got the passion, and we look for
10 organizations that have credibility in the marketplace
11 and that have resources to put toward the initiative.

12 So we feel when we partner up with folks it's
13 very important just as a small business get off to the
14 right start our partners, we need to hitch up with the
15 right partners that can really forward our agenda and
16 make a good long term strategic partner for us.

17 So in that regard how we're organized here
18 within the agency, we're the office of entrepreneurial
19 development. We're broken down into three main offices
20 and you probably generally know what they are, the
21 office of small business development centers, which is
22 our largest office and our largest program driven by a

1 line item, a congressional line item. We have our
2 office of women's business ownership, which primarily
3 delivers the line item appropriation for the women's
4 business center program. Then we have what used to be
5 called -- well, let me start by saying it's had several
6 iterations of names, from business development to
7 whatever. When I started at the agency it was the
8 office of business and community initiatives. Last
9 year we renamed it the office of entrepreneurship
10 education.

11 Within that office, that office is host to
12 the score program. It is host to what is called our
13 small business training network, SBTN, which is our on
14 line dimension for training, it's host to what most
15 folks probably have no idea that we do, our
16 international visitors program, and to special
17 initiatives like our 1800 initiative or those kinds of
18 things.

19 So we operate with three offices. Annually
20 we have a budget of about \$115 million, and that
21 includes our operating money, but it's mostly the line
22 item appropriation that goes out to the field in those

1 three grant program areas.

2 That is the, I believe the number one thing
3 that we deliver to the agency and offer to Bill's
4 office and to other offices is our distribution system.

5 Through SBDC, through score, and through WDC we have
6 over 1,200 locations around the country that are
7 satellite offices, full service offices, circuit rider
8 locations, in addition to an on line venue where we can
9 reach virtually millions of customers a year, touches
10 in one way or the other.

11 So we try to work with other offices in the
12 agency to basically say what is the message that you
13 want to get out to the small business community because
14 we're there. We are the distribution system that is
15 there. In addition to our partners we also have our
16 district office system that is very much a part of the
17 reach that we have. Those district offices are part of
18 our agency. Those are employees of the agency and they
19 work hand-in-hand with the resource partners to deliver
20 the programs that we do, to maintain lender
21 relationships, to basically do triage when people call
22 in and say I need a loan, I can't make payroll, you

1 know, I want to sell to the government who do I talk
2 to. The district offices are a good place to do that
3 triage or that quick assessment to map it out to
4 whichever resource partner can best respond to that.

5 The one thing that I want to go back and
6 mention is the office of entrepreneurship syndication.

7 I talked about our international visitors. I want to
8 bring that up because it's something really unique that
9 again most people don't know about. We entertain
10 approximately 900 to 1,100 visitors a year from other
11 countries. Those visitors come to us vis-a-vis the
12 State Department, embassies, folks that we've partnered
13 with throughout the years, some of our resource
14 partners. They want to come here and learn about the
15 free enterprise system. They want to learn about SBA
16 as an agency, why we're here, how our federal
17 government works, what does our agency do, why do we
18 matter, why is it important that we have these resource
19 partners that we have capital access programs.

20 That's actually a very exciting thing that we
21 do and we forge a lot of ongoing relationships with
22 these folks that they return, they sometimes have us or

1 some of our resource partners go over to their
2 countries. But it's exciting that we are actually kind
3 of the hub, our agency is the hub of other countries
4 wanting to understand what is the small business
5 economy like, how is it built, how does it work, you
6 know, what are the role of the partners, what are the
7 role of state governments. So I wanted to make sure I
8 mentioned that because it's something that really
9 doesn't get talked about a whole lot.

10 Primarily to your specific customer base, I
11 did some research in looking back specifically over
12 last year and of our entire portfolio of grant
13 programs, and that would be score, SBDC and women's
14 business center, roughly 6 percent of our portfolio are
15 veteran, disabled vet, reservists, the categories that
16 we support Bill and his office on. That seems to have
17 been pretty stable for us over the last four to five
18 years. I see some variations up and down, but in
19 general in our entire portfolio 6 percent is a pretty,
20 a decent reach I think in terms of where we've been.

21 The SBDC program, they see about 558,000 a
22 year. Roughly of that percentage about 8 percent are

1 veterans, are your constituency. We require that in
2 what's called our program announcement that goes out
3 once a year that says states that operate SBDC tell us
4 what you're going to do in your work plan for next
5 year. There we articulate what our program priorities
6 are and we have standing language that requires that
7 they do certain things to reach out to the veteran
8 constituency.

9 We require that they do at least one
10 veteran's program for each SBDC. They have local
11 summits, they do target marketing. Generally there's a
12 mix across the country. Some do more, some do less,
13 but we really require that they all do something at a
14 minimum in that regard.

15 This past year we had funding from the
16 legislature where we put out a request for a proposal
17 for \$450,000 to establish very specifically targeted
18 veterans programs. We had five award recipients. If
19 you would like know who they are I can dig down through
20 my list here and tell you. But generally the five
21 recipients pledged that they would do above and beyond
22 what they're required to do at the regular SBDC and

1 deliver very targeted specific programs for veterans.

2 The score program, they see 360,000 plus
3 clients a year. About 6.4 percent of those are
4 veterans, generally the same thing with score. We
5 enter into a collaborative agreement with the national
6 score organization. So that's one legal instrument,
7 whereas with the SBDC we enter into 63 individual state
8 grants with them.

9 But from the national website we have the
10 same thing in their agreement, that this is a targeted
11 outreach that we expect them to do. Score has done an
12 excellent job with their website in terms of targeting
13 very specific resources, success stories, toolkits.
14 One of the great things that they do is they have their
15 counselor locator system, which is open to all
16 businesses and folks who use the website. But
17 specifically they can reach that from the veterans
18 website.

19 So score has really taken on that initiative
20 for the website without too much prodding from us. I
21 mean, they -- that's important to their business line.
22 They are -- they have been our leader in on line

1 counseling and resources in that regard. I know Ken
2 Yancey intends to stay there as the leader. So we have
3 a great partnership with them.

4 The women's business program we see
5 about -- well, last year we saw 160,000 clients. 3.1
6 percent of those clients were veterans. Specifically
7 the women's business program delivers their services a
8 little bit different than SBDC or score. They use a
9 lot of training venues, they do a lot of mentoring,
10 they do a lot of different, more unique kinds of
11 counseling approaches. So in their work with veterans
12 a lot of activity with spouses. They do a lot of
13 mentoring arrangements. And so again they approach it
14 a little bit differently, but I think appropriate to
15 their market.

16 They also do a lot of scholarships, which you
17 don't see too much in our other programs. But if they
18 have particular customers or veteran customers that
19 need to sign up for a specific thing, if they can't
20 afford it they'll get scholarships for them.

21 The last program that we have, it's not
22 really a program it's more of a service, is our small

1 business training network. That's run out of our
2 office here at SBA. Last year we saw -- we served
3 542,000 clients and of those 14 percent were veterans.

4 Now the thing I would say about our numbers
5 is that we are very comfortable in saying that they are
6 understated. The reason we say that is that all of the
7 demographic details that we collect on our clients is
8 self reported and its voluntary. So many of our
9 clients do not report. They don't report any of the
10 demographics, male, female, veteran, you know, none of
11 that, and we cannot require it.

12 So what we report and we try to put here as a
13 footnote on all of ours is that these are the folks
14 that reported. So we do make an assumption that it's
15 under reported. To what extent we don't know.

16 The other thing is that in our training
17 statistics we collect summary data in terms of the
18 event, how many people were at the event, and we don't
19 collect individual client data. So if we end up with a
20 number that is again numbers of veterans participating
21 in training that is very much self reported. It
22 depends upon the folks who are doing the training event

1 and to what extent they want to collect that data from
2 the customer.

3 So that -- as I talk about any of these kinds
4 of target markets or whatever I always need to say that
5 it's a voluntary data collection for us. So we think
6 that, you know, probably 6 percent, it's probably more
7 8 percent, maybe a little higher, but we don't know
8 until -- we really don't know to what extent.

9 So that is really generally a quick, kind of
10 a quick and dirty overview of entrepreneurial
11 development programs. I really wanted to spend more
12 time listening to kind of what's on your mind,
13 answering questions or seeing how we could continue to
14 be of assistance to you.

15 MR. CELLI: Thank you very much.

16 MS. SHICK: Sure.

17 MR. CELLI: Mr. Ron Miller.

18 MR. MILLER: How many states or territories
19 or whatever do you have in the SBDC, all 50 states and
20 Puerto Rico?

21 MS. SHICK: 63.

22 MR. MILLER: 53?

1 MS. SHICK: 63, all 50 states --

2 MR. MILLER: 63 centers?

3 MS. SHICK: 63 programs. They are -- SBDCs
4 are run state by state, so there's one in every state.

5 In California there used to be one and now there are
6 six, so they broke them into regional. In Texas it's
7 regional. Then there are also some territories, like
8 Guam, Virgin Islands, those kind of things. So there's
9 63 total.

10 MR. MILLER: On your international visitors,
11 are these small business owners or people who want to
12 learn about small business or what?

13 MS. SHICK: All of them. We get governmental
14 officials, we get small business owners. The
15 predominance of them are mixed delegations coming that
16 are a combination of usually a government or equivalent
17 to their public entity sponsors. They will bring
18 business owners.

19 We had a very large kind of Middle Eastern
20 delegation that was here the middle of last year. It
21 probably represented about 10 different countries.
22 They had a couple of different sponsors from a couple

1 of perspectives. They were business owners, people who
2 ran the equivalent of micro lending. It really does
3 run the gamut.

4 Yes?

5 MR. ELMORE: Just a comment. Bill Elmore. I
6 think it was a couple of years ago they asked me and
7 some of my staff to sit in on meetings with I believe
8 it was Uzbekistan or something. I'm sure I'm
9 pronouncing it incorrectly.

10 MS. SHICK: Uzbekistan, yes.

11 MR. ELMORE: But it was people from the
12 military community and that makes -- they were
13 interested in what it is we did specifically with our
14 veterans and reservists. So, yes, we're grateful when
15 they ask us to sit in with those people.

16 MS. SHICK: We kind of act really as a portal
17 into the agency in that many of them -- you know, if
18 they want to talk about, you know, veterans or they
19 want to talk about access to capital, or SBIR, you
20 know, investments, you know, it's run the gamut. We
21 tried procurement, we tried pulling the experts that
22 they need to talk to. Jane Boorman (phonetic) on our

1 staff individually constructs each one of those agendas
2 to meet the need of what the delegation is looking for.

3 MR. CELLI: Mr. Vargas, and I have a question
4 after you.

5 MR. VARGAS: Felix Vargas. Just a comment on
6 the IBP program. I'm very familiar with it. I sit on
7 the board to select IBP candidates at embassies
8 overseas. The State Department funds a lot of this.

9 The problem as I see it is that these IBP
10 folks traveling over here are primarily government
11 people. There should be more private sector industry
12 representatives or business owners, but unfortunately
13 the focus has been on government officials. That's
14 unfortunate.

15 I want just to ask a quick question on the
16 SB, small business training network.

17 MS. SHICK: Sure.

18 MR. VARGAS: You had 546,000 clients in 2008.
19 How do you do the training? Do you do it in a seminar
20 fashion, do you do it in a conference fashion? Where
21 do you hold your events, just across the country?

22 MS. SHICK: The events are all on line. They

1 are set up as (inaudible) learning environments. Each
2 one of the programs run approximately a half hour to an
3 hour depending upon how long, you know, how long it
4 takes you, but they are self paced. You can in most of
5 the courses get all the way through it, get a
6 certificate, print it out. Not all of them yet. But
7 it is an online delivery mechanism.

8 We also have on line assessment tools where
9 folks can go in and assess, you know, are you ready to
10 start a small business, are you a potential good
11 candidate for one of our programs called 8A. We try to
12 partner with other programs in the agency to help them,
13 you know, try to pre-screen customers and those kinds
14 of things. It saves everybody but mostly it saves the
15 client a lot of, you know, effort.

16 The other thing that we do is some of our
17 resource partners, like SBDCs, also do on line courses.

18 So in a couple of cases we've piloted a co-sponsorship
19 agreement where we actually list their courses on line
20 as part of our menu. We're looking at the statistics
21 and how that's working, you know, to drive -- because
22 again we really want to drive traffic locally. We're

1 casting a pretty broad net here at the SBA because we
2 got over 1 million hits a year.

3 So what we want to do is we want to get
4 people the information that they need and help them
5 make an assessment do I go to the next step and then
6 help them understand what that next step is so that
7 they're out there, you know, in the Internet not
8 knowing what to do. So once we kind of hook them in we
9 want to direct them in a very specific way.

10 We have 25 courses on SBTN right now and we
11 have three assessment tools, a small business start up
12 primer, and if you go to the SBA.gov web page you can
13 find SBTN under the tab that says services.

14 MR. CELLI: Thank you.

15 MR. VARGAS: One last quick question. How
16 are these international businesses selected? Did you
17 say by the embassies in the countries?

18 MS. SHICK: Right. We don't -- we don't
19 select them. They come from all different -- it comes
20 from the U.S. State Department, it comes from the
21 embassies. Some of them may be visiting our SBDC for
22 example in New York and the New York state director

1 calls up and says, "I've got a group from wherever,
2 China, yeah, you know, can you see them on this date?"

3 "Sure. What do they want," duh, duh, duh.

4 Then --

5 MR. VARGAS: Who pays for that?

6 MS. SHICK: We don't. I have no idea. I
7 have no idea. We offer our services for free.

8 MR. CELLI: Yeah, that really -- that sounds
9 like wonderful work.

10 What I would like to do just for a moment is
11 kind of bring the conversation back to the veterans
12 portion of it and what I would like to know is you
13 talked a little bit earlier about your office really
14 being the central focal point for entrepreneurial
15 development and being that portal to connect especially
16 within the agency --

17 MS. SHICK: Right.

18 MR. CELLI: -- and externally, you know, those
19 resources. I would like to know what projects maybe
20 last year you worked on specifically with the office of
21 veterans business development and how the interchange
22 of client relationship worked. For instance, you've

1 got small business development centers who now are
2 participating in grants to help veterans and how you've
3 worked this office in with that and maybe what type of
4 client references or referrals are made back and forth.

5 Because, you know, I see just a little bit of a
6 disconnect and I know that you say that your percentage
7 numbers fluctuate a little bit --

8 MS. SHICK: Sure.

9 MR. CELLI: -- with, you know, 14 percent of
10 American businesses being owned by veterans and, you
11 know, roughly a quarter, 24 percent of veterans
12 considering entrepreneurship as some kind of either
13 additional, supplemental or primary means of income 6
14 percent of your clientele being veterans indicates to
15 me that it's possible that veterans are not getting the
16 word or not getting the message, not that you could do
17 better, you know, that we overall could do better.

18 MS. SHICK: Exactly.

19 MR. CELLI: I'm wondering -- because now your
20 numbers are your numbers and the office of veteran
21 business development staffs its own centers, you know.
22 Believe me, I get that, you know, budget kind of

1 dictates how we want to make sure that we protect our
2 little piece of turf, I got that, but, you know, how is
3 it that we're working together now, how are these two
4 offices -- because honestly I've never heard of your
5 program. When you just talked about the online program
6 that was shocking to me and I'm really wondering --

7 MS. SHICK: You're kidding?

8 MR. CELLI: -- why these programs aren't
9 represented as some kind of link on his site. I have
10 more but I'll stop there for a moment.

11 MS. SHICK: Okay, okay.

12 MR. CELLI: Let's talk about the relationship
13 between these two offices and how that (inaudible).

14 MR. ELMORE: What may be best is for me to
15 start -- Bill Elmore -- so you'll kind of understand
16 how this works. A little history is in order. Public
17 Law 106-50 removed and eliminated the old office of
18 veterans affairs that was placed inside the office of
19 entrepreneurial development.

20 MS. SHICK: Exactly. It used to be in our
21 office.

22 MR. ELMORE: Okay. So when my office became

1 stand alone that office was eliminated. Now back to
2 your question, I'll give you two examples. The SBDC
3 program probably 95 percent of the language that's in
4 there that targets SBDC services to veterans,
5 reservists, discharging service members, national guard
6 members, spouses, that language has been put in by my
7 office. So every year the SBDC program office gives me
8 their draft and asks me for input in any part of that
9 that I choose to put input into, and I do that.

10 We probably have more --

11 MS. SHICK: And he's not shy about it either.

12 MR. ELMORE: No, I'm not shy about it. We
13 probably have more firm language around veterans and
14 reservists in the SBDC program than anything else other
15 than my own program.

16 MR. CELLI: And that absolutely makes sense
17 that your expertise goes to help craft the language.

18 MR. ELMORE: And I'm really grateful for that
19 and they have not been shy in accepting that and I'm
20 grateful for that.

21 Now the SBDC program that was created by
22 110-186 and those five states that were chosen --

1 MS. SHICK: Right.

2 MR. ELMORE: -- my staff probably drafted
3 conservatively 75 percent of the language in that
4 program announcement or certainly had input into the
5 draft. We chose the winners at the SBDC program
6 office's request. So my staff staffed the proposals
7 that we got with a lot of input from SBDC, but we did
8 most of that work because that's where the expertise
9 is.

10 MS. SHICK: Right.

11 MR. ELMORE: So that's how it works. It's
12 not an exclusive thing.

13 MR. CELLI: Well, now -- and I don't mean to
14 interrupt you but what I'm looking for now is that next
15 very crucial and important step and in that language
16 was there some type of agreement that says these
17 centers that have picked up these grants need to really
18 reach out and work in partnership with your centers and
19 that's where I think that we're going to run into a
20 little bit of a rough spot, but that's -- that's what I
21 think that that next step really should be not, you
22 know, to put into any type of jeopardy, you know, your

1 authority to serve clients but I've never seen any type
2 of comprehensive relationship that exists between SBDCs
3 and any one else. It's really because they are very
4 protective of their turf. I got that. But there can
5 be some kind of language, especially within the agency,
6 that kind of forces you guys to play in the sandbox
7 nice together.

8 MR. ELMORE: It gets a little more
9 complicated and --

10 MR. CELLI: I'm sure it does. I'm sure it
11 does.

12 MR. ELMORE: It's mostly about engagement
13 with the legislative process and the association that
14 represents all the (inaudible) or the SBDC directors.
15 It's an area that my office is looking at right now
16 because for example we have a veterans business
17 outreach center in New York and it's been there for
18 eight, nine years. One of the five SBDCs that received
19 funding through the SBDC program office was New York.
20 So obviously my staff was very interested in making
21 sure that there wasn't sort of a dual dipping. So the
22 New York SBDC what they did was they established a more

1 robust veterans program in New York City, in that
2 metropolitan area.

3 MR. CELLI: That is a perfect example, Bill.

4 So my question to you now is is that SBDC working with
5 your center?

6 MR. ELMORE: Absolutely.

7 MR. CELLI: In the same town?

8 MR. ELMORE: Yes and no because I think what
9 you have to consider is that the funding base that I
10 provide to a VBOC (phonetic), 150,000, and then the
11 funding base that came out of the SBDC program another
12 100,000, \$250,000 to run a state wide program in New
13 York let alone New York City.

14 MR. CELLI: No, no. Yeah, I get that. I
15 just want to see you guys play well together.

16 MR. ELMORE: I'm not trying to be defensive.

17 It does play well, but I think what it also comes down
18 to, and it's a good question because it's real world
19 stuff. I don't have a lot of heartburn doing this sort
20 of joint program approach in New York and I think I can
21 say safely that that's based to a great degree on the
22 state director of SBDC in New York --

1 MS. SHICK: Yes.

2 MR. ELMORE: -- who doesn't seem to be driven
3 by turf issues as much as their interest in trying to
4 make sure they have a very robust program. My guess is
5 that they probably have good relations with you guys.

6 A PARTICIPANT: I'm (inaudible).

7 MR. ELMORE: Well, exactly. Now there are
8 other states --

9 A PARTICIPANT: Me too.

10 MR. ELMORE: -- I might not say that about
11 that are a lot more protective and it really kind of
12 depends on the structure of the SBDC system whether or
13 not it works with the state, for the state, outside the
14 state. There's a whole range of things when you have
15 63 independent systems funded through ED and then you
16 have five more funded by (inaudible).

17 The last thing I think I'll try to say is
18 we're cognizant of and I have a concern about how the
19 centers that we fund, especially if our numbers begin
20 to grow, interplay with SBDC, score and others. I
21 don't want to dual fund programs if there are still
22 geographic areas where we don't have programs. But for

1 me to revise my program announcement is not as simple
2 as me just revising it. I have to work that through
3 the attorneys, and I have to work it with SBDC and with
4 ED, and the administrator. There's a whole range of
5 things that we do to revise a program announcement and
6 we're looking at that right now.

7 MR. CELLI: Okay. Mr. Garcia is going to
8 have the last question. All I was trying to say is I
9 just want to see you guys hold hands.

10 MR. ELMORE: Oh, we do.

11 MS. SHICK: But I think there's an action
12 point that I leave here with, for that point, and
13 that's going back and checking now that they were
14 selected in the agreement that that office sent out for
15 them to find how restrictive were the agreements. We
16 know what the RFP said, but the actual legal
17 instruments that they entered into what was actually
18 said in that. Normally they incorporate the RFP by
19 reference, but I do want to go back and check was there
20 a repeat or stronger language in that agreement that
21 is, oh, by the way, don't you forget --

22 MR. CELLI: (Inaudible) each other's

1 programs.

2 MS. SHICK: Yeah, don't forget.

3 MR. CELLI: (Inaudible.)

4 MS. SHICK: Yes.

5 MR. CELLI: And that's really the point that
6 I'm trying to make is that --

7 MS. SHICK: Absolutely.

8 MR. CELLI: -- is you can just really super
9 charge each other's programs.

10 Mr. Garcia and then Mr. --

11 MR. GARCIA: Yes, I was just going to kind of
12 reiterate the same thing, super charge it up. I've got
13 New Mexico, John Garcia, 25 SBDCs out there. I think
14 it was a question of turf, but I found that not until
15 we initiated the contact, it wasn't the other way
16 around, the SBDCs didn't approach us or anything. They
17 went about their own little business, doing their own
18 work, and veterans weren't a priority. You've got to
19 make it a priority.

20 I must say even within the SBA offices, I
21 walked into our SBA office and asked them if they were
22 aware of Public Law -- I mean, the Patriot Express loan

1 and they had no idea what I was talking about. So --

2 MS. SHICK: In the district office?

3 MR. GARCIA: Yeah. Well, this was prior to
4 John Woosley (phonetic) being down there.

5 MS. SHICK: Got you.

6 MR. GARCIA: His predecessor had no clue what
7 I was talking about. I found that I had to be very
8 proactive to get them to be active. So if there was a
9 mandate that came down to put a fire under them to say
10 they've got to reach out to veterans I think then
11 you'll see it. But I just -- I haven't seen that. You
12 know, I work with all my 25 SBDCs but what I've had to
13 do is create my own memorandum of understanding and I
14 have to keep initiating the push.

15 MS. SHICK: Sure. I think one of the lessons
16 that I've learned and I'm seeing is that -- and again
17 having been on the other side of the formula and been a
18 state director the program announcement for the SBDCs
19 literally has everything in it but the kitchen sink and
20 that's the truth. It's like you will do this, you will
21 do that. You'll give a priority to veterans but you
22 will also do manufacturing, new technology, you'll do

1 this, you'll do that.

2 I think in a lot of cases when it's not as
3 strategic as it could be at our level, you know, they
4 are forced to sort through the resources they have.

5 MR. GARCIA: But you know what I -- if I may.

6 I think one of the problems is with, like Jeffrey was
7 saying, what I've -- in dealing with SBDCs or the SBA
8 they don't have vet speak. You've got to have vet
9 speak to understand how to reach out to the vets.

10 MR. CELLI: You can't be all things to all
11 people.

12 MR. GARCIA: Yeah, they can't.

13 MS. SHICK: Right.

14 MR. GARCIA: So there's got to be some vet
15 speak there. They've got to understand that, how to
16 reach out.

17 MR. ELMORE: If I can jump in here if you
18 don't mind. Bill Elmore again.

19 I think, and you're right and I'll defend us
20 just a touch, and that is that, you know, she's wearing
21 four titles. I've only got one but it's pretty
22 comprehensive. The reality is unless there's a push

1 from the top of the agency to strengthen the sort of
2 collaborative approach --

3 MR. GARCIA: No doubt.

4 MR. CELLI: That's why we bring it up here.

5 MR. ELMORE: -- there's simply not enough
6 time in the day to sort of make up our own priorities
7 because we get a lot of them given to us. So that
8 being said I think there is some element of
9 recommendation that you all can consider on --

10 MR. GARCIA: There's no doubt.

11 MR. ELMORE: -- how you work with my
12 administrator to make sure that my administrator helps
13 make this a priority so that --

14 MS. SHICK: Because it's my administrator
15 too.

16 MR. ELMORE: Exactly.

17 MR. CELLI: You know, secretaries
18 (inaudible).

19 MR. GARCIA: Louis, I think that's what we're
20 seeing here, that there is a need to put some more, you
21 know, strength to you guys here.

22 MR. CELLI: I would like to allow Mr. Heavey

1 to ask his question and then we'll let you get back to
2 your busy schedule.

3 MS. SHICK: Okay.

4 MR. HEAVEY: Thank you. I'm Pat Heavey from
5 St. Louis. I would like to make the observation that
6 some of these roles with the SBDCs and with the score
7 chapters change over time for us at (inaudible),
8 veterans business resource centers. When I first
9 opened up the St. Louis center my SBDC manager here,
10 whatever his name was, had a long discussion with me
11 wherein he told me that he didn't see why they should
12 have any separate programs for veterans, or women, or
13 anybody else period. That was his opening shot to me.

14 Since then of course he has left to go to
15 work for one his clients as a matter of fact. He's
16 been replaced by a very reasonable young man who is
17 just glad to have us there because we do a lot of his
18 training for him, we provide him a lot of his numbers.

19 We do the same thing for the score chapter.
20 Their entire veterans program consists of the clients
21 they send to us.

22 MR. CELLI: And that's the relationship I'm

1 trying to promote.

2 A PARTICIPANT: Louis, tomorrow afternoon
3 when I brief my concept of what was done in Arkansas
4 and Georgia I think you will see exactly what you're
5 talking about right now. It works perfectly, but
6 you've got to give them new monies. You can't give
7 them duties without new money.

8 MR. CELLI: Well --

9 A PARTICIPANT: And that's what we've done
10 with this --

11 MR. CELLI: Right. You know, to be fair Ms.
12 Shick mentioned that Congress gave her money to do the
13 outreach for veterans and that's really not true.
14 Congress told you to do it and you took your own money
15 to do it, which we find commendable and which the --

16 MS. SHICK: That is true.

17 MR. CELLI: -- and which Congress found
18 reprehensible. We lived through that with you and I
19 want to thank you for being here today.

20 MS. SHICK: You're welcome.

21 MR. CELLI: We can talk -- and tomorrow we're
22 going to go over a lot of stuff that we talked about

1 today with regard to post legislation, which will
2 answer a lot of questions that were brought up today,
3 even with regard to -- and I'm sorry, I don't want you
4 to sit here.

5 MS. SHICK: That's okay. I have a mutual
6 goal that I just want to make it easier for the
7 customer to find what it is we do.

8 MR. CELLI: Me too.

9 MS. SHICK: So I'm a good partner in terms of
10 trying to figure out what's the next best thing we need
11 to do to kind of get closer to that.

12 MR. CELLI: Thank you very much.

13 MS. SHICK: Thank you. Okay, have a good
14 day.

15 MR. CELLI: What I would like to do is we
16 have committee discussion coming up and we have a guest
17 here that I would like to make some extra time for.
18 Some of you may or -- some of you I'm sure have had
19 very close business relationships with the center for
20 veteran enterprise and the director of the office of
21 small business outreach. The director of that office,
22 Mr. Scott -- or was Mr. Dennison who retired on the 1st

1 of January. For those of you who don't know Mr.
2 Dennison it means that you probably haven't really had
3 that much interaction with any federal agency at any
4 level with regard to veteran entrepreneurship because
5 if you had you ultimately would have been directed to
6 his office at some point in your search for assistance.

7 Mr. Dennison has recently as I mentioned
8 retired from federal service, 30 years?

9 MR. DENNISON: About 38.

10 MR. CELLI: 38.

11 MR. DENNISON: I started early.

12 MR. CELLI: Now as I understand it he is
13 representing his own firm and (inaudible) also
14 represents one of our key partners here in the veterans
15 entrepreneurial community, the office -- NIVOVA
16 (phonetic). I keep wanting to say the magazine, but
17 they're more than just the magazine but I suppose that
18 that's something that you'll touch on now. So I would
19 like to introduce Mr. Scott Dennison.

20 MR. DENNISON: Thank you. That is fully
21 scripted and (inaudible) a little while ago that you
22 wanted me to say something, but thank you.

1 I would like to correct one thing that Gail
2 said. I didn't want Gail to leave you with the
3 impression that I was forced to leave VA because she
4 said if you were still able to be with us, and I don't
5 think I'm dead yet. I may be soon.

6 No, you know, you get to a point in your
7 career where you've kind of done everything that you've
8 set out to do and I have spent the last ten years,
9 actually more, 12. I had the pleasure of serving with
10 Tony Pracipi (phonetic) on the very original
11 congressional commission on service members and
12 veterans transition assistance where we started making
13 the recommendations to Congress that have ultimately
14 come out now with all these bills.

15 It isn't many times in your career where you
16 have an opportunity to develop and formulate policy
17 like that, help write the laws and then have them
18 implemented and then implement successfully. One of my
19 old mentors, the way he said it, is that it's always
20 better to go out on top. When you look at the numbers,
21 the percentages that Gail mentioned to you -- now
22 remember that this is on a procurement budget of over

1 \$13 billion that the SBA has. We have the 12 percent,
2 we have the 15 percent. When you consider that out of
3 that \$13 billion 7 billion of that is off the top that
4 we can't touch for small business. It's our \$5 billion
5 procurement that we have for pharmaceuticals, it's the
6 major medical equipment that we buy to provide
7 healthcare to veterans, and it's the utilities. That
8 doesn't even get into the nation's new hospitals that
9 (inaudible).

10 So when you look at our numbers you can
11 really double those percentages based on what was
12 possible to spend. So that was issue number one.
13 We've done a hell of a job and it was because we've got
14 some dedicated people at the VA that have made this
15 happen.

16 Gail talked about the strategic plan. I
17 would say the one thing that made us as successful as
18 we did, besides the fact that our mission was to help
19 veterans, was the commitment of top management. In the
20 bureaucracy in order to be successful with any new
21 program you need accountability. The one thing that
22 we've brought to the program was accountability. Every

1 month I would brief senior managers on what their
2 accomplishments were. You know, the last regime liked
3 to have everything as a Christmas tree. You were
4 either green, yellow or red.

5 At the beginning when we started this process
6 I had one of the most colorful charts in this
7 department when it came to what we were measuring. But
8 by the end they were all green because you can't -- as
9 Gail said, she knew what was important to the boss.

10 So I felt that we have been successful and
11 what we wanted to do is (inaudible). I'm incredibly
12 proud of all the work at the center for veterans
13 enterprise. You know, when we stood that up our goal
14 was to fill what we perceived to the gap in 106-50, and
15 that was who was going to be able to really help
16 veterans connect with the federal marketplace. That
17 was our main charge. We went into it with a lot of
18 misconception that we've overcome over the years, but
19 then we got into other things, some new challenges,
20 like the franchising program that has been so
21 incredibly successful.

22 So I looked at that. I looked at the fact

1 that we had a new administration coming in, and this is
2 not a political thing but anytime you have a change in
3 administration bureaucracy the last six months the old
4 guys don't want to do anything and you've got a year
5 before the new ones get in place and you educate them.

6 I'm 60 years old and I said I don't want to wait a
7 year-and-a-half.

8 The other reason that I decided that it was
9 time to leave is that I think the government has pushed
10 this program to date, and quite frankly I think it's
11 about time that the veterans start to push this
12 program. If you look at the other small business
13 programs, let's take the minority program, we have
14 around the country about a dozen organizations that
15 support minority businesses and do it very, very well.

16 (Inaudible) a veteran. There are women's programs.
17 There's a number of women business organizations around
18 the country that are very active in supporting the
19 women's programs, even to the point of suing SBA when
20 they don't implement the women's set aside.

21 We have the veterans program, but again it's
22 my perception and it could be all wrong, is that it's

1 been the government that's been pushing it.

2 We have around town and around the country a
3 number of organizations who all say that they represent
4 veteran businesses. You've got the task force, you
5 have the alliance in California, you have the
6 (inaudible) network, you have Richard Ramirez and USA
7 Vet. What became -- and you have NIVOVA. What became
8 very evident to me last summer in Las Vegas when we
9 gave everyone of them an opportunity to step up and
10 tell veterans why they should join your organization
11 and the audience collectively as it left that event
12 said none of these people have anything that helps me
13 with the bottom line decisions to be made.

14 I thought about that long and hard, and I
15 don't think that any one of them has the real answer,
16 but I think that the reason I like NIVOVA is because
17 without veterans nor magazines to me it's the only
18 mouthpiece that we have in the veteran community to get
19 the word out, good, bad or indifferent. I know there's
20 a lot of people that have issues with Chris for a whole
21 lot of reasons, and Chris and Rich have a frustration
22 because people they don't join NIVOVA. I said to

1 Chris, I said, "Chris, nobody joins NIVOVA because you
2 don't offer anything other than the magazine. What's
3 the bottom line value added to a business to be part of
4 NIVOVA?"

5 He says, "You're right." He said, "Come and
6 help me do that." So I've committed half my time to
7 NIVOVA.

8 The other thing that scares me when I think
9 about all the time that we've put into this and I look
10 around and you guys that I've known for 20 years that
11 have been the basis of this, no disrespect but you're
12 all going getting to be a bunch of old farts.

13 A PARTICIPANT: Amen.

14 MR. DENNISON: Okay.

15 A PARTICIPANT: I hear that.

16 MR. DENNISON: And somehow -- Louis, I
17 haven't known you that long yet. But we've got to get
18 some of the younger generation in. We've got to get
19 them excited about entrepreneurship. One of the things
20 that we learned early on that it has been extremely
21 challenging. When we started the center for veterans
22 enterprise we thought that we were going to be dealing

1 with people just coming out of the military. It's one
2 of the real frustrations that I have with the veterans
3 corporation because that's all they want to focus on.

4 Veterans don't think about starting small
5 businesses when they're breaking out of the military.
6 When they think about it is 10, 15 years down the road.

7 How old were you, Al, before you started your
8 business?

9 A PARTICIPANT: (Inaudible.)

10 MR. DENNISON: Okay. That's difficult. So
11 one of the challenges that we all have is what do you
12 put in front of a vet today that they're going to
13 remember 10, 15 years from now? There's somebody to
14 help me.

15 The other challenge we have is that -- again
16 no disrespect to SBA, Department of Labor, the Veterans
17 Corporation or anybody else, but if you're a vet you're
18 and thinking benefits who do you think of? You think
19 of VA. So that means we've got a unique responsibility
20 to make sure that we can act as a conduit for all these
21 other wonderful resources that are around here that
22 we've got to let veterans know about.

1 As Chris and I talked he said come help me
2 grow NIVOVA. I said, okay, but I don't want to do it
3 full-time. I said my passion is with the veterans.
4 I'm doing that. I've set up my own company. I just
5 accepted yesterday to be on the board with American
6 Freedom Foundation, Jack Billy, because we have a lot
7 of folks out there doing great things for vets and
8 that's what we want to keep up.

9 What I want is to grow the program from
10 outside the government. To all of you however I can
11 help you've got it. All you've got to do is tell me
12 when and where and I'll be there to help because when I
13 think of the people that we've known over the
14 years -- and, you know, most of you don't know this but
15 my wife is schoolteacher. She teaches third grade.
16 That's a different world than we live in. Gail will
17 tell you that the last five years I've been a one case
18 flier on United. Now that's hard to do when you don't
19 fly outside the country, but we do it because we've
20 been doing the outreach for this program and that
21 causes problems at home. But you know what the best
22 week of my year is, other than my two week vacation at

1 the beach? Las Vegas. You know why, because veteran
2 entrepreneurs come up to her and thank her for allowing
3 me to do what I did.

4 So when I would come home and talk about all
5 the BS that we've put up with during the day it doesn't
6 mean anything, but when she gets to meet the veteran
7 entrepreneurs and hears about their successes because
8 of what we all do and she hears about people they're
9 employing and the difference they're making in their
10 community with support from the Boy Scouts, and the
11 Little League, and the Girl Scouts and all that, she
12 gets it and she understands why we're so passionate
13 about what we do.

14 Now that's for about six months and then
15 (inaudible) get it for traveling, but at least it's a
16 six month break. That's why what you all do is so
17 important. I know that you're all doing it as
18 volunteers and my hat is off to you.

19 Bill and I have had, I won't say the
20 pleasure, the pain of being on the board of the
21 Veterans Corporation since the beginning. You know,
22 there's nothing else we can say. We'll just shake our

1 heads.

2 A PARTICIPANT: Yes, you're right.

3 MR. DENNISON: But it's a flawed model and I
4 think one of the things that this group can do because
5 of that voice you have when you report to Congress is
6 tell them it's a flawed model, tell them to quit
7 wasting the money. Give the money to an organization
8 that can do better. Now we may not agree on who that
9 organization is or what they should do, but why keep
10 throwing good money after bad.

11 That's why we've all got to work together. I
12 have this vision and I don't know that it will ever
13 happen, but I would love to see where we can have a
14 room where NIVOVA, the task force, the elite network,
15 the alliance, the USA Vets all sit down and say, okay,
16 these are my top ten agenda items so at the end of the
17 day we agree on four of them. Because I've talked to
18 people on the Hill and we talk about the veteran
19 community and what they tell me is every time somebody
20 comes up there and pushes different agendas and it's
21 all smoke. If you guys ever got your act together and
22 told us what you wanted and then allowed us to help you

1 do that we could do great things together.

2 I think that's where we've got to work
3 together so that when we go as a united front or as
4 a -- this united front at least we're saying the same
5 thing. I think we could move this program because as
6 you've all heard today we've got a lot off issues
7 inside the government, procurement rules are going on,
8 inequality of the resources that we have, the women's
9 program for example versus what we have for the
10 veterans program. We've got a lot of issues to fight.

11 We should come and bring those together into an
12 agenda. Maybe you guys can be the catalyst for that.

13 That's what I offer to you. Whatever I can
14 do to help. You know I'm passionate about this.

15 MR. CELLI: Scott, thank you very much and
16 I'll open the floor to questions in just a second, but
17 I would like to share something with everyone. It can
18 really -- it continues on the theme that we've talked
19 about all day and that is trying to, you know, find our
20 unity together.

21 Scott and I had the opportunity to testify
22 before Congress, I think it was sometime about a year

1 or two ago, and, you know, it was a tough time. The
2 Veterans Corporation was testifying and I think this
3 particular testimony revolved around really where the
4 community should go and, you know, are we ready to take
5 on the challenges of the returning veterans.

6 You know, when the testimony was over I
7 looked over and said, "You know, why can't we just get
8 together on this?"

9 He said, "Look in front of you." We were
10 sitting in front of the Veterans Affairs Committee. He
11 pointed to the flag and there had to be 20, 30 flags up
12 there. I thought those were the flags of the states
13 and when I looked it was all of the veteran service
14 organizations that were represented.

15 He said, "That's why." That stuck with me
16 and stuck with me for a long time. We will talk
17 tomorrow a little bit more, and I mentioned Scott
18 earlier and Scott mentioned that he would be here for
19 both days, that Congress is -- I don't want to say
20 Congress, let me back up a minute. There has been a
21 lot of talk similar to what we're all discussing today
22 about finally getting together as a community and doing

1 exactly what Scott has mentioned is getting every, all
2 the stakeholders in a room in a non-threatening
3 environment, not taking any authority away from any of
4 the separate organizations but all saying, okay, guys,
5 we're all vets, we all -- you know, we all have our
6 piece of lobbying that we do or education to Congress
7 that we do, we all want things -- and let's face it, we
8 all kind of want some of the same things, can we all at
9 least get together and agree what we all want at least
10 in some kind of fashion so that when we go up there
11 say, you know, we did meet with VDA, we did meet with
12 all of these other groups and, you know, they want that
13 too. It makes Congress a lot more receptive to working
14 with us and a lot more motivated because of these large
15 blocks of votes that come with this advocacy. It makes
16 them a lot more eager to work with us.

17 I was mentioning that one of the staff
18 members of the Senate Small Business Committee we
19 invited to participate in what -- and I don't know
20 where Frank went but Frank has been talking about
21 getting a veterans caucus together for years. So I
22 threw that -- I looked up the name, I tried to figure

1 out if it was typically a congressional (inaudible).

2 It is not, and as a matter of fact it's a term that has
3 not been used very much lately. We tried to kind of
4 coin it that.

5 We offered Congress an opportunity to
6 participate with us because, let's face it, they're the
7 ones we want to talk to. Why don't we just invite them
8 into the damn meeting anyway and they can see who, you
9 know, who agrees. They've actually turned it around
10 and are starting to investigate a formalized
11 relationship of a veterans caucus that we can all
12 participate in.

13 So who knows if it will happen but
14 there's -- and that's something we can talk a little
15 bit more about later. So what I would like to do
16 is -- I mean, he's a not witness but, you know, if
17 anybody would like to, you know, ask Scott any
18 questions, if not -- anybody? No.

19 Hungry? Are we hungry? It's coming up on
20 the -- Scott, thank you very much.

21 A PARTICIPANT: Let me just say, Scott, I
22 just want to thank you for everything you've done.

1 You've done a great job. I know our state really
2 appreciates everything.

3 MR. DENNISON: Thank you.

4 A PARTICIPANT: I feel the same way, Scott.

5 MR. DENNISON: Thank you.

6 MR. ELMORE: This is Bill Elmore. I think I
7 would say the same thing, Scott. We've known each
8 other a little bit and sometimes a lot for a long time.
9 I'm really glad to hear you say what you said because
10 it sounds like you're talking to myself, and that is
11 this community has to take ownership of this
12 opportunity and how we do that that's the trick. But
13 that's what has to happen, so I absolutely applaud what
14 you're doing and what you've done because ultimately
15 this is where the success has to rest I think. I felt
16 that way when I came to this job. So thank you, thank
17 you for being here.

18 MR. DENNISON: Thank you.

19 MR. CELLI: And I think we have all the
20 critical pieces. I mean, you're right. NIVOVA is
21 absolutely the premiere, you know, outlet for veterans
22 to get to the community and the for the community to

1 come back into veterans, premiere. That is a golden,
2 you know, challenge in life and then, you know, whether
3 it's -- whether it's, you know, elite or any other
4 organization, I think that if we all work
5 together -- we have all the pieces. If we just put
6 these pieces of the puzzle together in a way that
7 benefits everyone we can only, we can only do better.

8 MR. DENNISON: And as a personal note, we've
9 got to support Gail. She's got a lot of issues and she
10 needs some support internal to VA. It's been a very
11 frustrating year for us because we, being Gail and I,
12 don't believe, and I can say his and she can't, that
13 the department interpreted 109-461 properly. We had a
14 lot of push back, even what we got. She needs a lot of
15 contractor support to pull off the verification
16 program. That sometimes can be very slow and painful.

17 So there's still some issues that need to be
18 raised and addressed so that the awareness of the new
19 senior leadership doesn't forget about this.

20 MR. CELLI: And I really meant, you know,
21 what I said. I'm relaying the sentiments of the
22 committee that we want VA to be here at all the

1 meetings and we want your boss to know that you're here
2 participating with us because it doesn't put them on
3 notice but it makes them realize that, oh, we can't
4 keep them in the closet anymore, you know. They've
5 reached out. Oh, my God, they're transcending
6 boundaries. What's going on here.

7 So I think it's important. If there's
8 nothing else then thank you so much, Scott. What I
9 would really like to do is I want to make sure that we
10 finish with our introduction on down the road. You
11 know, we've got about half an hour before we break. On
12 an administrative note I think there were three
13 restaurants that we had I guess within, what, one Metro
14 stop?

15 A PARTICIPANT: Just one Metro stop, just up
16 to Capitol Hill.

17 MR. CELLI: Okay. One of them is a Thai food
18 restaurant, one of them is a Mexican food restaurant,
19 and the other one was the hot dog stand out front.

20 A PARTICIPANT: No, it's Bullfeathers. It's
21 hamburgers and that kind of stuff.

22 A PARTICIPANT: And also there's Capitol

1 Bistro. It's probably --

2 MR. CELLI: Okay. So depending on what kind
3 of food, you know, we all want to meet around for half
4 an hour or so. I guess we can take, you know, a bio
5 break, but before we do Mark came in a little bit after
6 the introductions and he's next in line anyway so why
7 don't you just introduce yourself to everybody.

8 MR. ROSS: Mark Ross. I own Oak Grove
9 Technologies and I specifically (inaudible). I was
10 standing outside.

11 A PARTICIPANT: That was your (inaudible).

12 MR. ROSS: I'm from Raleigh, North Carolina.

13 MR. CELLI: I guess we'll just let Mark go to
14 the bathroom and the rest of us will go ahead and go on
15 through. I would like to -- Jason.

16 MR. SHAQUIN: Yes, sir.

17 MR. CELLI: I would like to --

18 (Whereupon, at approximately 3:45 p.m., the
19 meeting was recessed.)

20

21

22